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***Registration of an Investment Adviser does not imply any certain level of skill or training.**

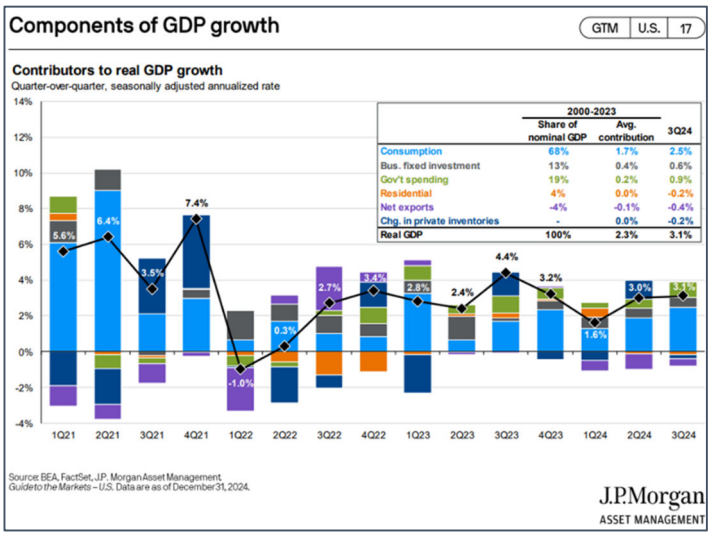
ECONOMIC AND MARKET COMMENTARY

4th Quarter 2024

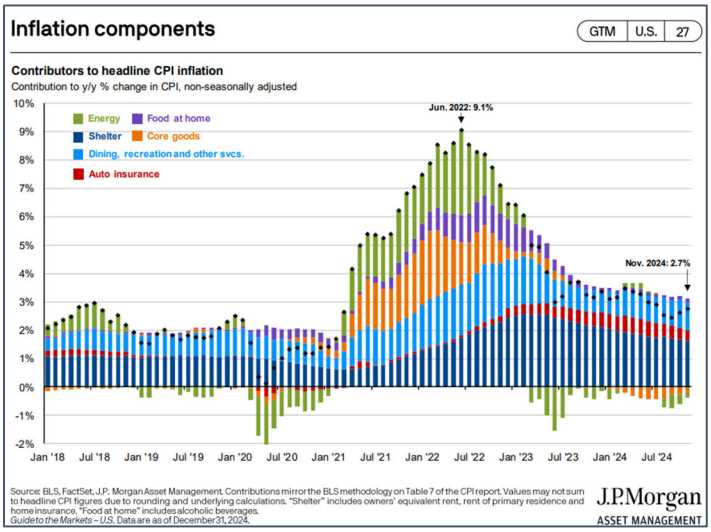
I. FOURTH-QUARTER 2024 ECONOMIC RECAP

By Frank Smith, III, CFA

The U.S. economy demonstrated remarkable resilience in 2024 despite uncertainties tied to the election, monetary policy shifts, and geopolitical tensions. Consumer spending, which accounts for nearly 70% of GDP, was a key driver, supported by household wealth and 20 consecutive months of real wage growth (see "Components of GDP growth" chart below). This strength powered above-trend GDP growth for the fourth year, contributing significantly to the 2.8% increase in GDP in Q3. While business investment and government spending were robust, challenges emerged in housing due to high mortgage rates and in trade, impacted by a strong dollar and weak global economic activity.



Inflation moderated throughout the year, enabling the Federal Reserve to kick off a rate-cutting cycle. However, progress slowed in Q4, with headline CPI rising to 2.7% in November from 2.4% in September, largely due to base effects. Core goods prices, previously deflationary, showed sequential increases driven by rising vehicle costs. Meanwhile, shelter and auto insurance inflation remained elevated but is expected to ease in 2025. Policy uncertainty tied to potential tariffs, immigration restrictions, and tax cuts looms over the inflation outlook.



Markets responded positively in 2024, with U.S. equities rising over 20%, bolstered by broad earnings growth and AI-driven momentum. However, valuations remain a concern, with the S&P 500 trading at over 22 times forward earnings. After a volatile start, bonds rebounded modestly, and corporate credit offered attractive yields despite tight spreads.

Looking ahead to 2025, steady economic growth and a normalized labor market are anticipated. However, restrictive immigration policies could constrain labor supply, increasing wages and inflation. Fiscal policies, including tax cuts and tariffs, may boost deficits, and federal debt is projected to rise significantly. For now, markets are shrugging off the increases in the federal debt and are optimistic about the economy moving forward.

II. FOURTH-QUARTER 2024 EQUITY MARKET RECAP

By Dodd Williams, CFA

The chart below provides a picture of the U.S. stock market using different indices for comparison. The S&P 100 Index at the top is comprised of the 100 largest companies (comprised of the 49 "mega-cap" and the next 51 largest "large cap" companies). The Russell 3000 at the bottom of the chart is the broadest representation of the whole U.S. stock market comprised of the largest 3000 companies (mega, large, mid and small capitalization) representing 98% of the investable market, but excluding the smallest micro-cap companies that only make up about 2% of the investable market.

Index	Ticker	Description	Quarterly Return
S&P 100	OEX	The largest 100 companies	4.27%
S&P 400	MID	The 101st to 500th largest companies	(0.03%)
S&P 500	SPX	The largest 500 companies combined	2.07%
S&P 600	SML	Small capitalization companies – smaller than S&P 500	(0.98%)
Russell 1000	RIY	The largest 1000 companies – comprises 93% of the investable market	2.42%
Russell 2000	RTY	Another index of small capitalization companies (the next 2000 after the Russell 1000) – comprises only 8% of the larger Russell 3000	0.01%
Russell 3000	RAY	The broadest representation of the U.S. stock market representing 98% of the investable market	2.30%

Source: Smith Shellnut Wilson, Research Department

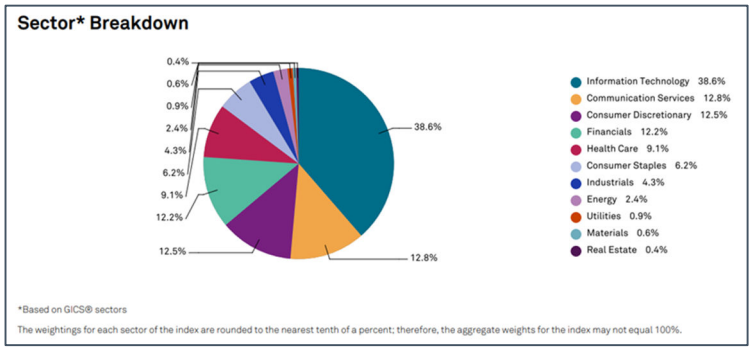
A company's size referred to as 'market capitalization' is defined as the number of shares in the company multiplied by the market price per share. The largest company is Apple Inc., which has 15.1 billion shares outstanding, trading at $242 per share for a market capitalization of $3.66 trillion.

All of the S&P and Russell indices are capitalization-weighted meaning Apple Inc. and Altria Group (the tobacco company) are not equal in these indices. Apple Inc., at a size of $3.66 trillion, is weighted 42 times more than Altria at $86 billion. Subsequently, the stock return of Apple will be weighted 42 times more than the stock return of Altria.

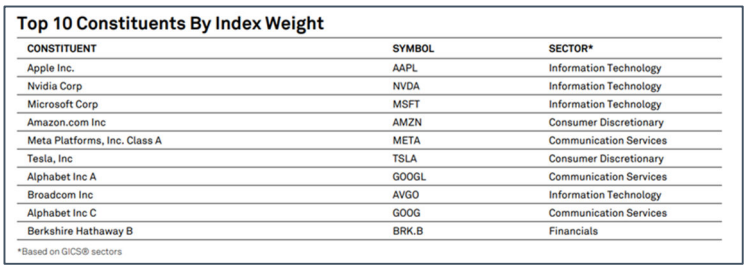
During the 4th quarter, it was the largest of the large companies that again dominated returns in the stock market.

The S&P 100 index, returned 4.27% while the S&P 500 index which includes those 100 large cap stocks plus the next 400 mid-cap stocks only returned 2.07%. It was those mid-cap companies that materially underperformed with a return of (0.98%).

As noted in the pie graph below, Information Technology companies comprise 38.6% of the S&P 100.



The Information Technology industry sector is itself dominated by four companies – Apple, Nvidia, Microsoft and Broadcom. The chart below shows the ten largest companies in the S&P 100. Apple is the largest and has the heaviest weighting at 10.3% while the top ten comprise a hefty 53.0%.



Top 10 Constituents By Index Weight

CONSTITUENT	SYMBOL	SECTOR*
Apple Inc.	AAPL	Information Technology
Nvidia Corp	NVDA	Information Technology
Microsoft Corp	MSFT	Information Technology
Amazon.com Inc	AMZN	Consumer Discretionary
Meta Platforms, Inc. Class A	META	Communication Services
Tesla, Inc	TSLA	Consumer Discretionary
Alphabet Inc A	GOOGL	Communication Services
Broadcom Inc	AVGO	Information Technology
Alphabet Inc C	GOOG	Communication Services
Berkshire Hathaway B	BRK.B	Financials

*Based on GICS® sectors

Chart source: S&P

During the 4th quarter the top ten companies above provided the following equity performance:

Company	Ticker	Sector	Quarterly Return
Apple Inc.	AAPL	Information Tech	7.48%
Nvidia Corp.	NVDA	Information Tech	10.59%
Microsoft Corp	MSFT	Information Tech	(2.05%)
Amazon.com Inc	AMZN	Consumer Discretionary	17.74%
Meta Platforms	META	Communication Services	2.28%
Tesla, Inc.	TSLA	Consumer Discretionary	54.36%
Alphabet Inc Class A	GOOGL	Consumer Services	14.14%
Broadcom Inc	AVGO	Information Tech	34.40%
Alphabet Inc Class C	GOOG	Consumer Services	13.91%
Berkshire Hathaway B	BRK.B	Financials	(1.52%)

Source: Smith Shellnut Wilson, Research Department

For the entire year of 2024, only Microsoft (MSFT) failed to outperform the S&P 500 index as a whole. The other six names of the "Magnificent Seven" all materially out gained the S&P 500 with Nvidia (NVDA) returning a stunning 171% for the year.

III. FOURTH-QUARTER 2024 BOND MARKET RECAP

By Chad McKeithen

During the fourth quarter, the bond market experienced significant volatility due to changing expectations around inflation, monetary policy, and a shift in political leadership. Although inflation has decreased considerably since 2022, progress has recently stalled. Consequently, the Federal Reserve adopted more hawkish forward guidance.

The bond market is equally concerned that Trump's policies could increase inflationary effects. Tariffs are likely to push consumer prices higher, while any restrictions on immigration could tighten the labor market, which tends to be inflationary.

Additionally, tax cuts generally boost consumer spending, which can also drive-up prices.

Chart 1 – 4th Quarter Rate & Bond Sector Changes

Rates	4th Q Close	3rd Q Close	Qtr Change
Prime	7.50	8.00	-0.50
Effective Fed Funds	4.33	4.83	-0.50
3m Tbill	4.31	4.61	-0.30
2yr UST	4.24	3.64	0.60
10yr UST	4.57	3.78	0.79
2-10yr UST Spread	0.33	0.14	0.19
2y AAA Muni/10y UST	65%	64%	1%
10y AAA Muni/10y UST	67%	67%	0%
Bond Sector Yields	**4th Q Close**	**3rd Q Close**	**Qtr Change**
U.S. Aggregate	4.91	4.23	0.68
IG Corps	5.33	4.72	0.61
U.S. High Yield	7.49	6.99	0.50
Municipals	3.74	3.32	0.42
MBS	5.27	4.53	0.74
Asset Backed	5.38	4.93	0.45
AAA CLO	5.43	5.84	-0.41

Source: JP Morgan/Bloomberg

During the quarter, municipal bond issuance was robust, culminating in a record-setting year. December alone saw approximately $31.64 billion in new municipal bonds issued. For the entire year, total issuance reached $507.6 billion, significantly higher than the $385 billion issued in 2023. This surge was primarily driven by infrastructure spending needs and municipalities drawn to relatively attractive spreads.

Although municipal bonds experienced losses during the quarter, their lower price volatility resulted in a total return of -1.2%, compared to -3.00% for the aggregate bond market.

The top-performing bond sectors during the quarter were those with credit exposure, with higher risk generating the highest returns. Credit spreads for high-yield bonds over comparable Treasury securities continued to tighten in the fourth quarter and are now at their narrowest levels since the mid-1990s. For instance, corporate junk bonds returned 8.20% for the year, compared to 1.25% for the aggregate bond market. This has driven corporate valuations to historically high levels. The concern is that a severe selloff could widen the spreads and eliminate the returns.

The source of the information in this commentary is SSW, S&P Capital IQ, S&P and Bloomberg.

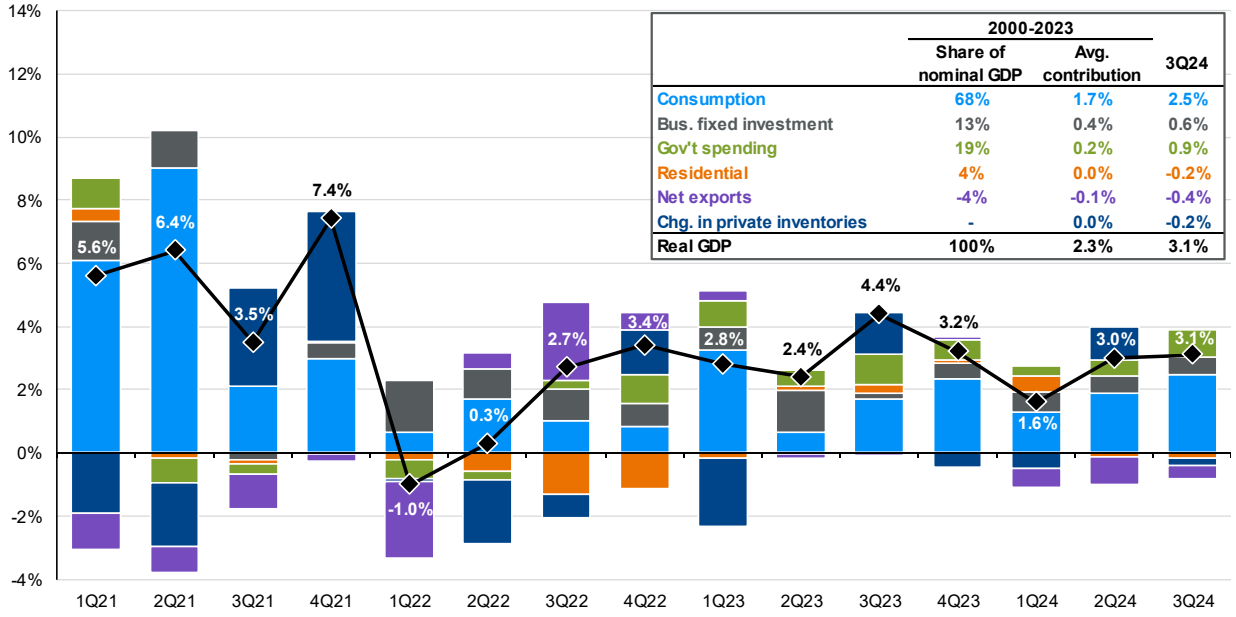
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Components of GDP growth

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



	2000-2023 Share of nominal GDP	2000-2023 Avg. contribution	3Q24
Consumption	68%	1.7%	2.5%
Bus. fixed investment	13%	0.4%	0.6%
Gov't spending	19%	0.2%	0.9%
Residential	4%	0.0%	-0.2%
Net exports	-4%	-0.1%	-0.4%
Chg. in private inventories	-	0.0%	-0.2%
Real GDP	100%	2.3%	3.1%

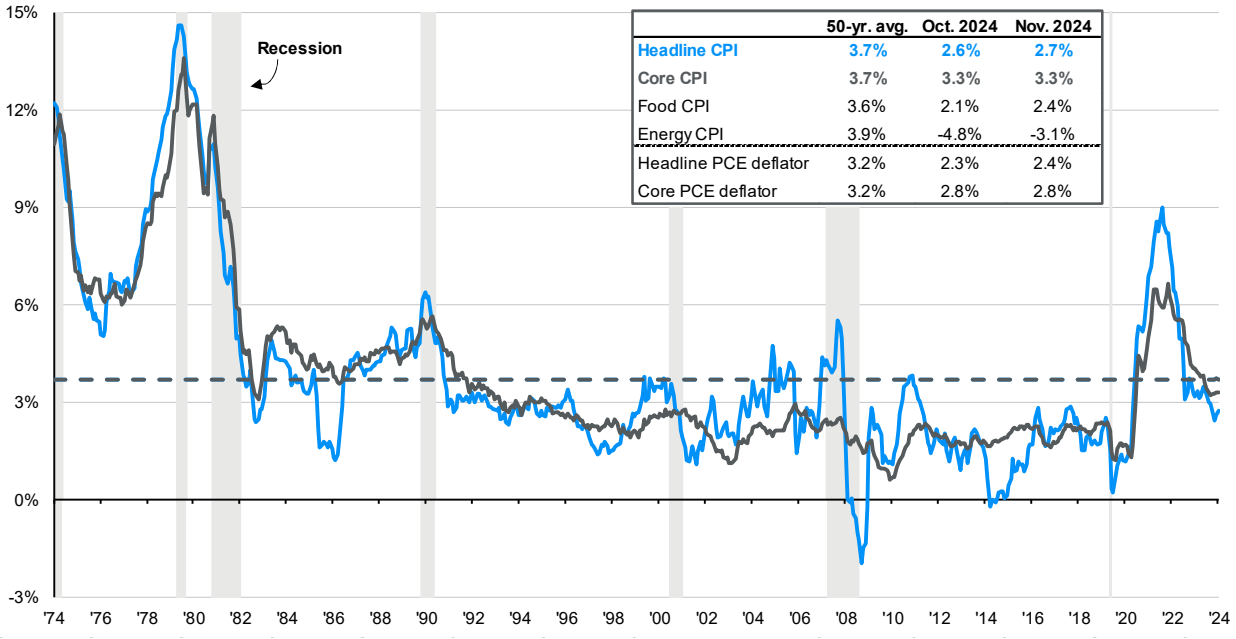
Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of December 31, 2024.

Economy

Inflation

CPI and core CPI

% change vs. prior year, seasonally adjusted



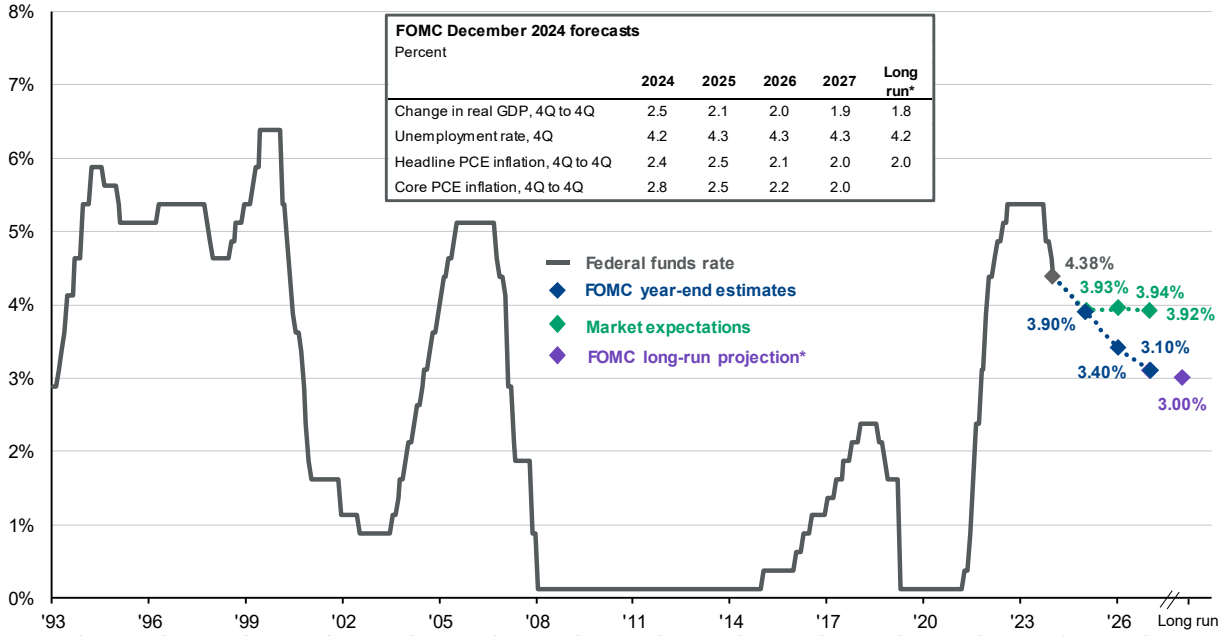
	50-yr. avg.	Oct. 2024	Nov. 2024
Headline CPI	3.7%	2.6%	2.7%
Core CPI	3.7%	3.3%	3.3%
Food CPI	3.6%	2.1%	2.4%
Energy CPI	3.9%	-4.8%	-3.1%
Headline PCE deflator	3.2%	2.3%	2.4%
Core PCE deflator	3.2%	2.8%	2.8%

Source: BLS, FactSet, J.P. Morgan Asset Management.
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.
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The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

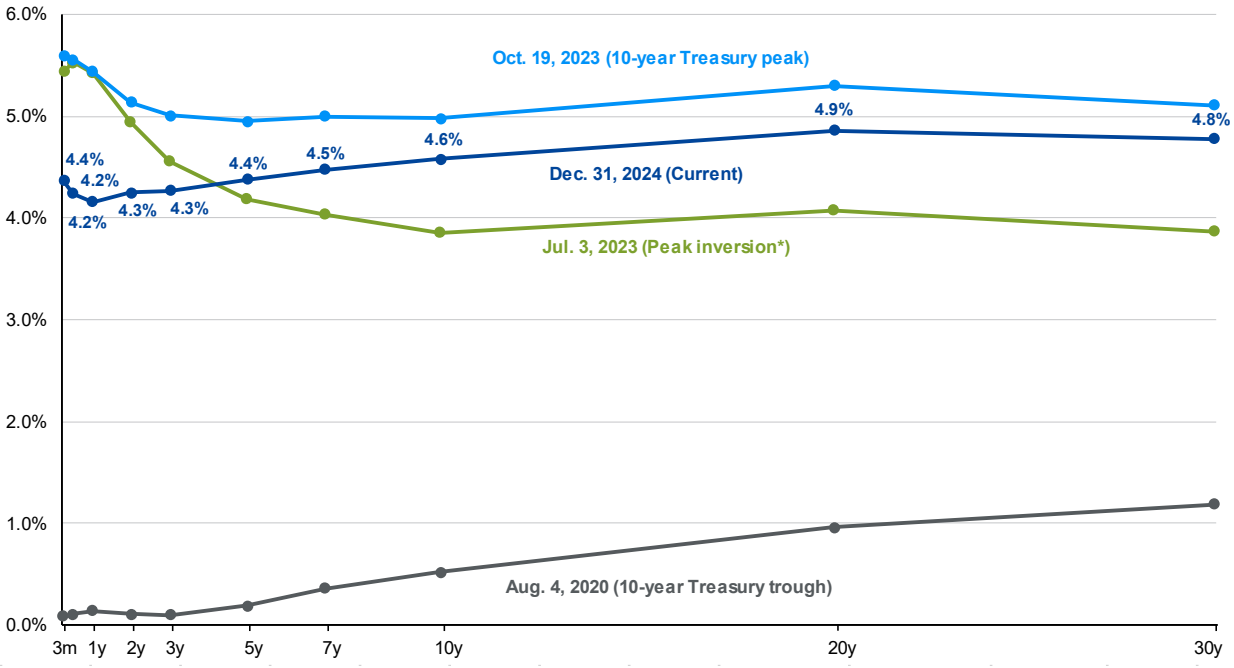


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
Guide to the Markets – U.S. Data are as of December 31, 2024.

Fixed Income

Yield curve

U.S. Treasury yield curve

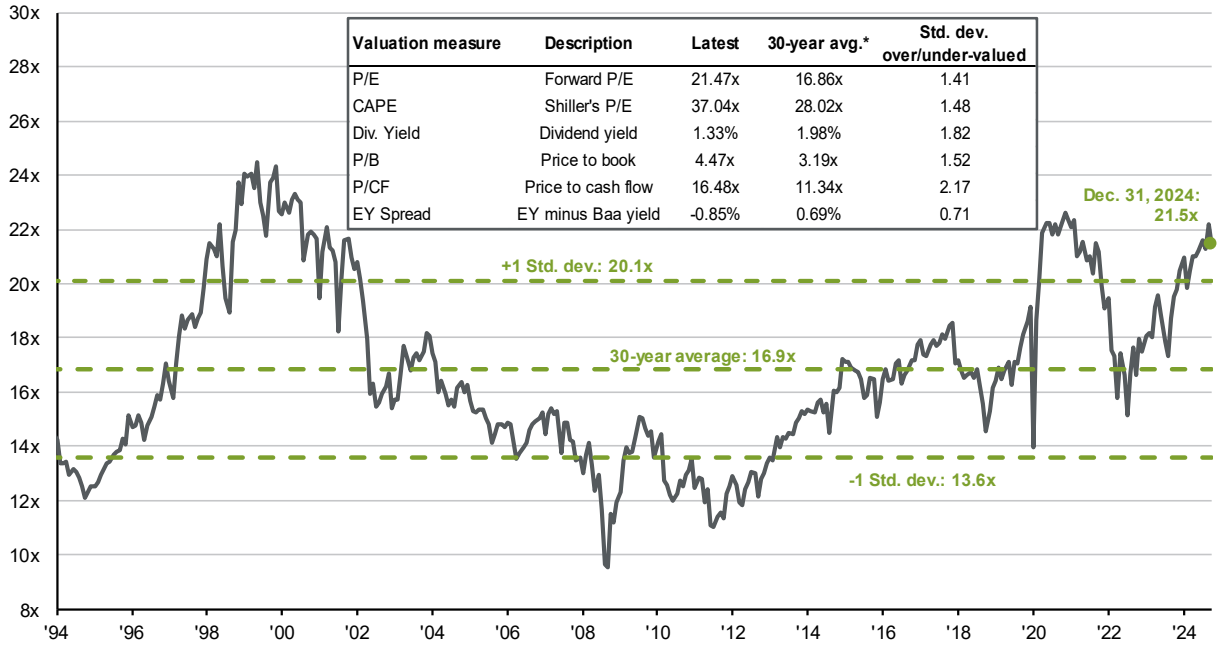


Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
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S&P 500 valuation measures

S&P 500 Index: Forward P/E ratio



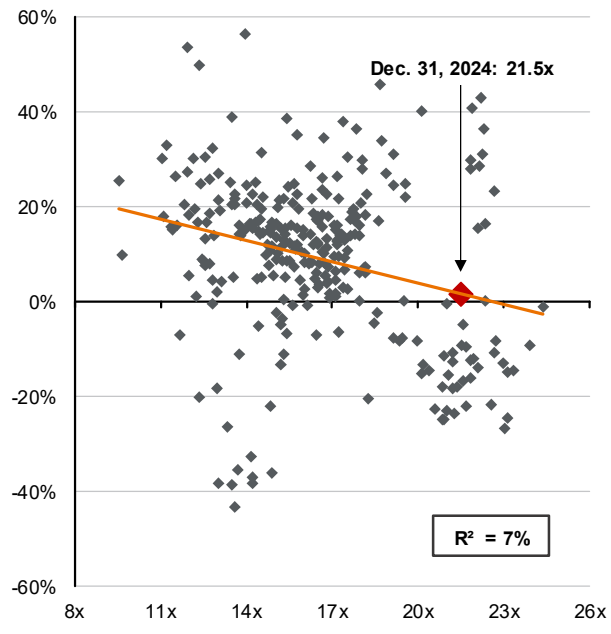
Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	21.47x	16.86x	1.41
CAPE	Shiller's P/E	37.04x	28.02x	1.48
Div. Yield	Dividend yield	1.33%	1.98%	1.82
P/B	Price to book	4.47x	3.19x	1.52
P/CF	Price to cash flow	16.48x	11.34x	2.17
EY Spread	EY minus Baa yield	-0.85%	0.69%	0.71

Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Bloomberg US corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.
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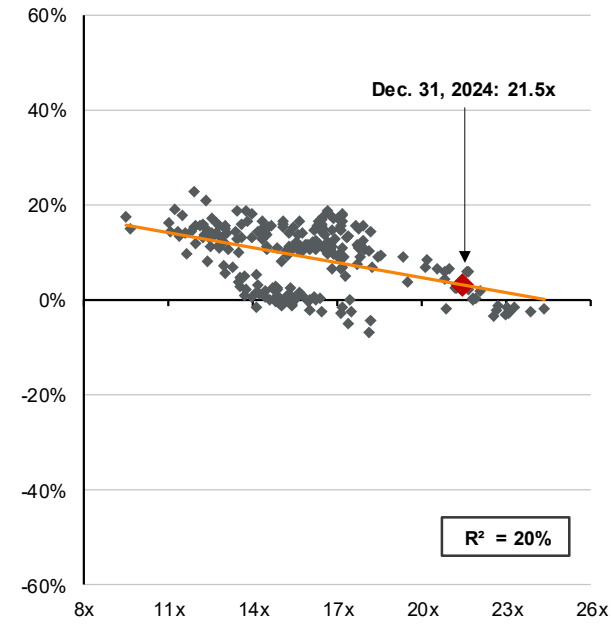
Equities

P/E ratios and equity returns

Forward P/E and subsequent 1-yr. returns
S&P 500 Total Return Index



Forward P/E and subsequent 5-yr. annualized returns
S&P 500 Total Return Index



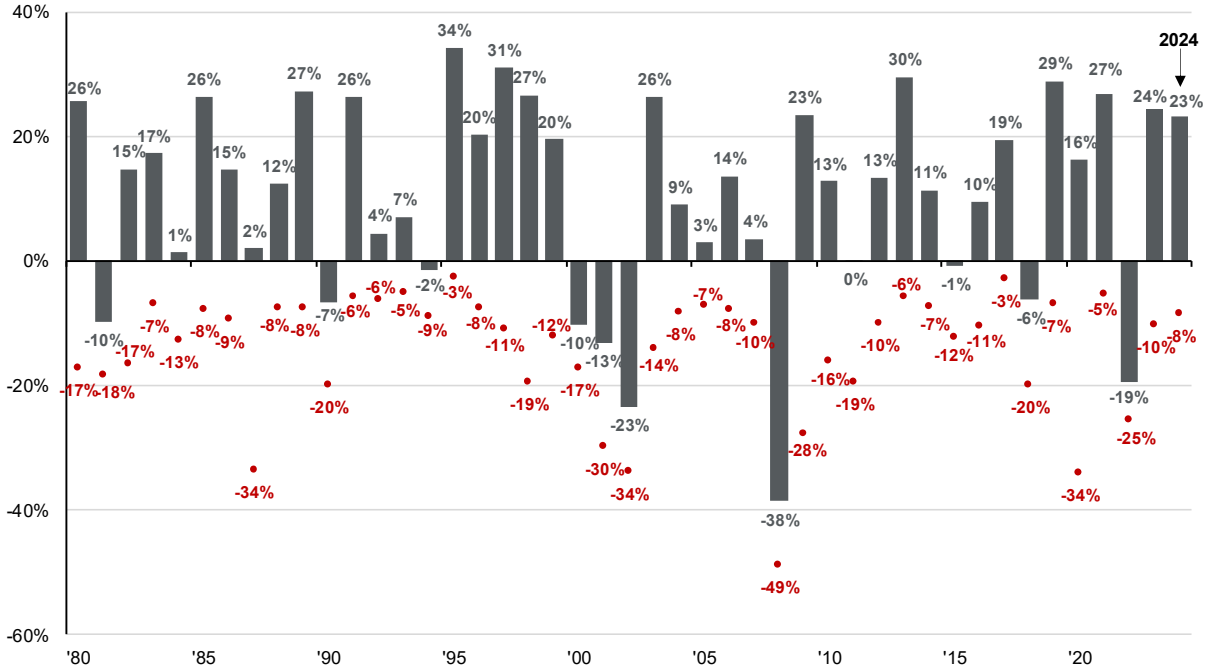
Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
Returns are 12-month and 60-month annualized total returns, measured monthly, beginning 12/31/1999. R^2 represents the percent of total variation in total returns that can be explained by forward price-to-earnings ratios. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since May 1999 and by FactSet since January 2022.
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Annual returns and intra-year declines

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



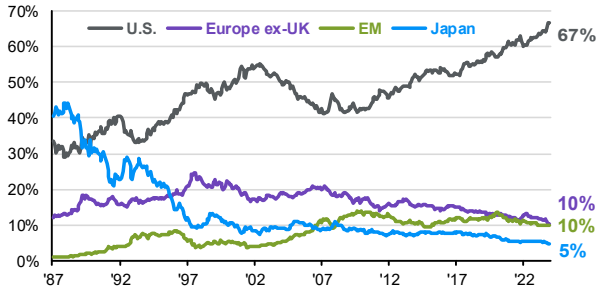
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2024, over which time period the average annual return was 10.6%.
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Global equity markets

Returns	2024		2023		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	25.0	-	26.3	13.9	1.0
AC World ex-U.S.	13.2	6.1	14.7	16.2	5.2	1.0
EAFE	11.8	4.3	16.8	18.9	5.7	1.0
Europe ex-UK	8.1	1.0	17.3	22.7	6.0	1.1
Emerging markets	13.7	8.1	10.3	10.3	3.4	1.0
Selected Countries						
Japan	21.2	8.7	29.0	20.8	6.3	0.8
United Kingdom	9.5	7.5	7.7	14.1	4.9	1.0
France	1.8	-4.6	18.1	22.3	5.8	1.2
Canada	23.0	12.7	13.3	16.4	5.9	1.1
Germany	18.4	11.0	19.8	24.0	5.7	1.3
China	19.8	19.7	-10.6	-11.0	2.5	0.9
Taiwan	44.3	35.1	31.1	31.3	12.0	1.0
India	15.7	12.4	22.0	21.3	6.9	0.9
Brazil	-11.4	-29.5	22.7	33.4	-2.5	1.3

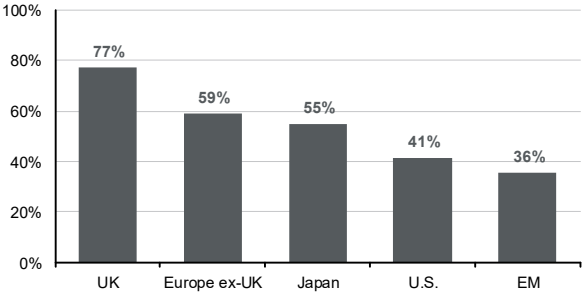
Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



Revenue exposure vs. country of listing

% of total revenue derived from foreign countries

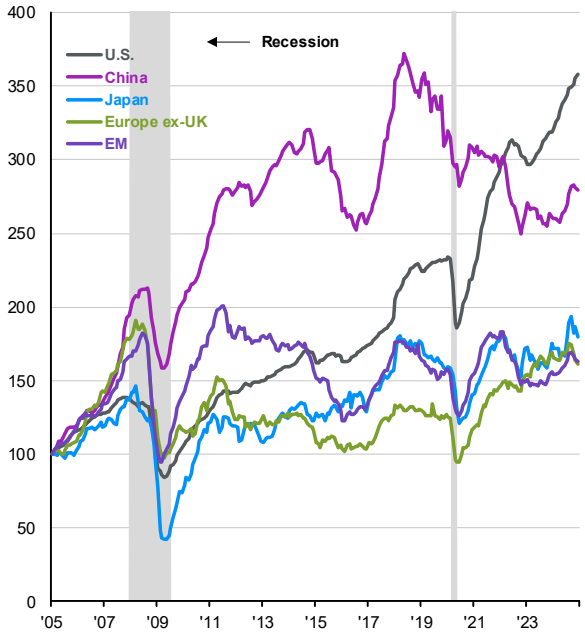


Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) All return values are MSCI Total Return Index (Gross) data. 15-year history based on USD returns. 15-year return and beta figures are calculated using a rolling 12-month time period ending with the previous month-end. Beta is for monthly returns relative to the MSCI All Country World Index. Annualized volatility is calculated as the standard deviation of quarterly returns multiplied by the square root of four. Chart is for illustrative purposes only. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results. (Bottom right) Revenue exposure data are as of the previous quarter-end.
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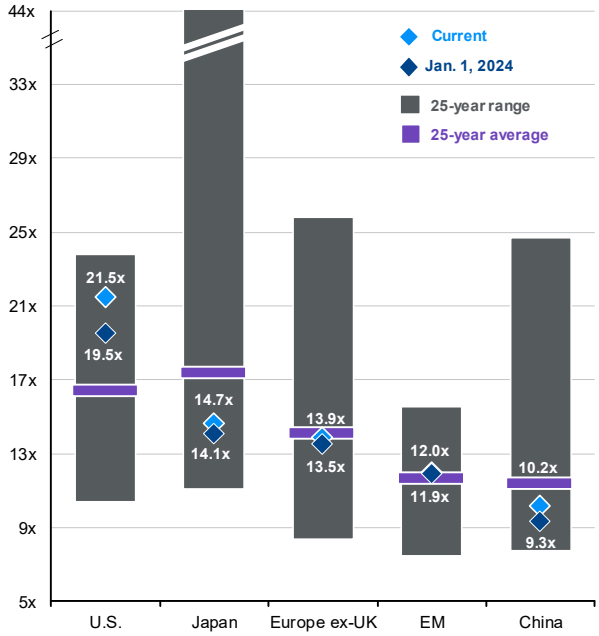
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Global equity earnings and valuations

Global earnings estimates
Jan. 2005 = 100, next 12 months consensus estimates, U.S. dollars



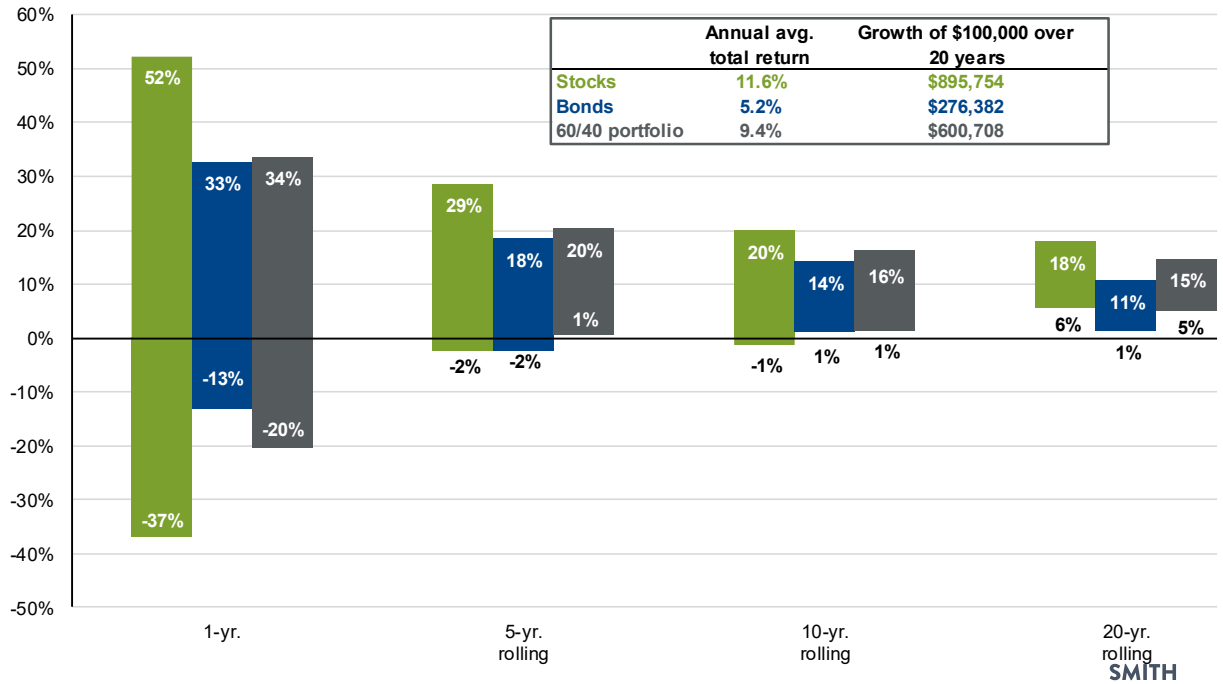
Global valuations
Current and 25-year next 12 months price-to-earnings ratio



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) Next 12 months consensus estimates are based on pro-forma earnings and are in U.S. dollars. (Right) The purple bars for EM and China show 20-year averages due to a lack of available data. Past performance is not a reliable indicator of current and future results.
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Time, diversification and the volatility of returns

Range of stock, bond and blended total returns
Annual total returns, 1950–2024



	Annual avg. total return	Growth of $100,000 over 20 years
Stocks	11.6%	$895,754
Bonds	5.2%	$276,382
60/40 portfolio	9.4%	$600,708

Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management.
Returns shown are based on calendar year returns from 1950 to 2024. Bonds represent Strategas/Ibbotson for periods prior to 1976 and the Bloomberg Aggregate thereafter. Growth of $100,000 is based on annual average total returns from 1950 to 2024.
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