



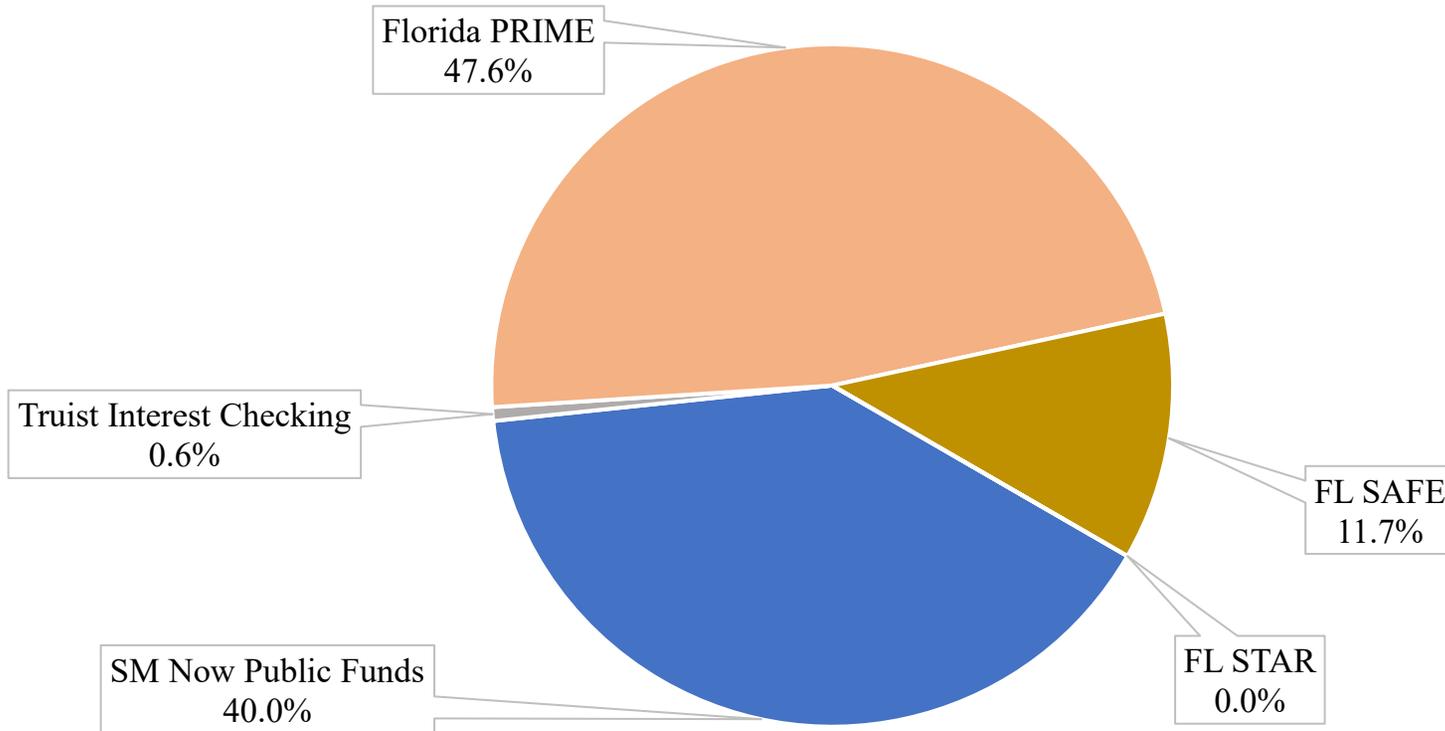
## City of South Miami Finance Department

### Investment Report December 2025

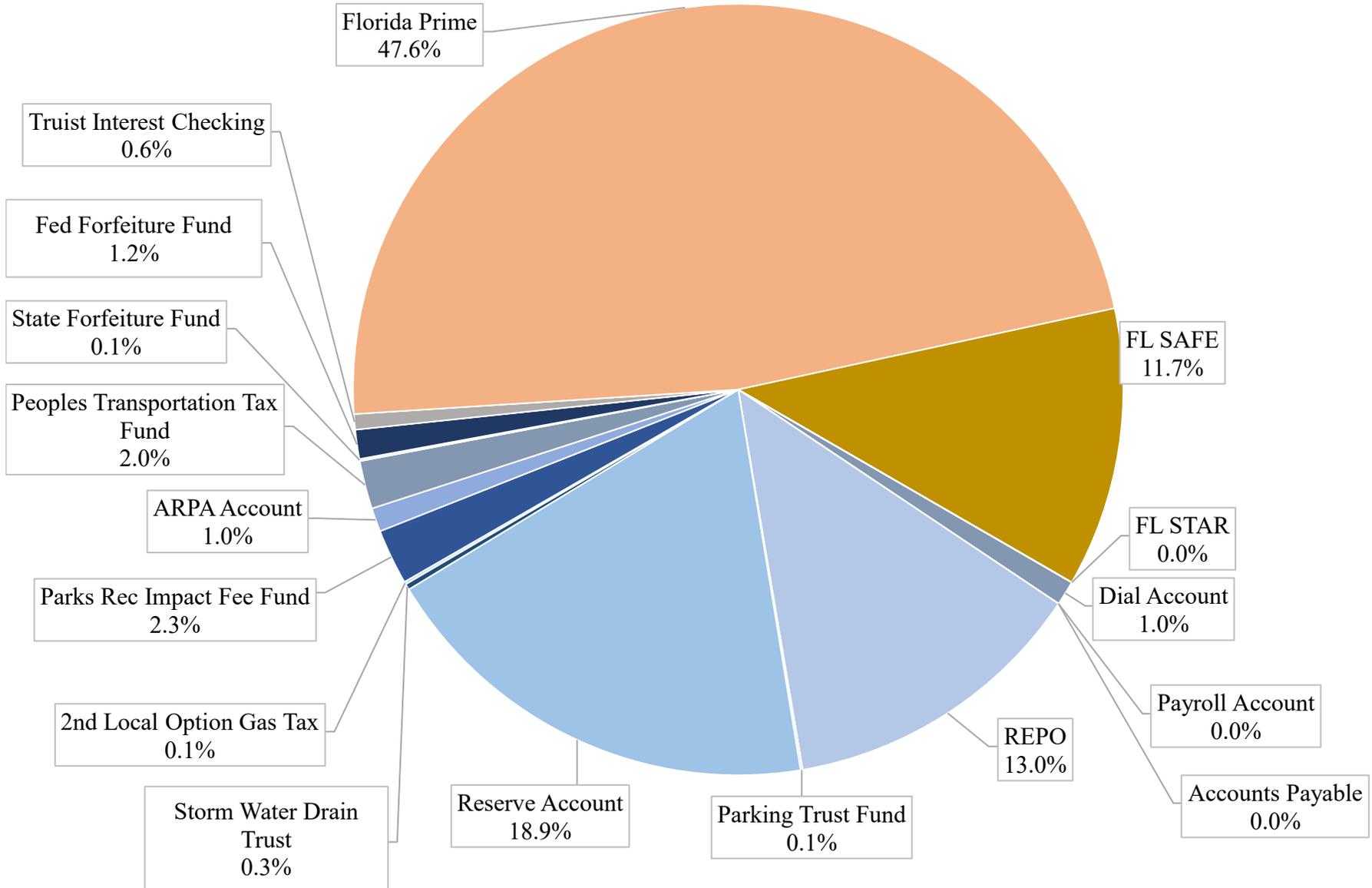


**DAHAB ASSOCIATES**

Type	Balance on Sep. 30	Balance on Dec. 31	Net Flow Quarter	Interest Paid Quarter
SM Now Public Funds	\$14,495,232.50	\$15,449,592.00	\$828,136.50	\$126,223.00
Truist Interest Checking	\$250,346.54	\$250,352.86	\$0.00	\$6.32
Florida PRIME	\$14,245,970.76	\$18,393,762.45	\$4,000,000.00	\$147,791.69
FL SAFE	\$4,478,425.10	\$4,523,997.37	\$0.00	\$45,572.27
FL STAR	\$575.04	\$580.83	\$0.00	\$5.79
<b>Total</b>	<b>\$33,470,549.94</b>	<b>\$38,618,285.51</b>	<b>\$4,828,136.50</b>	<b>\$319,599.07</b>

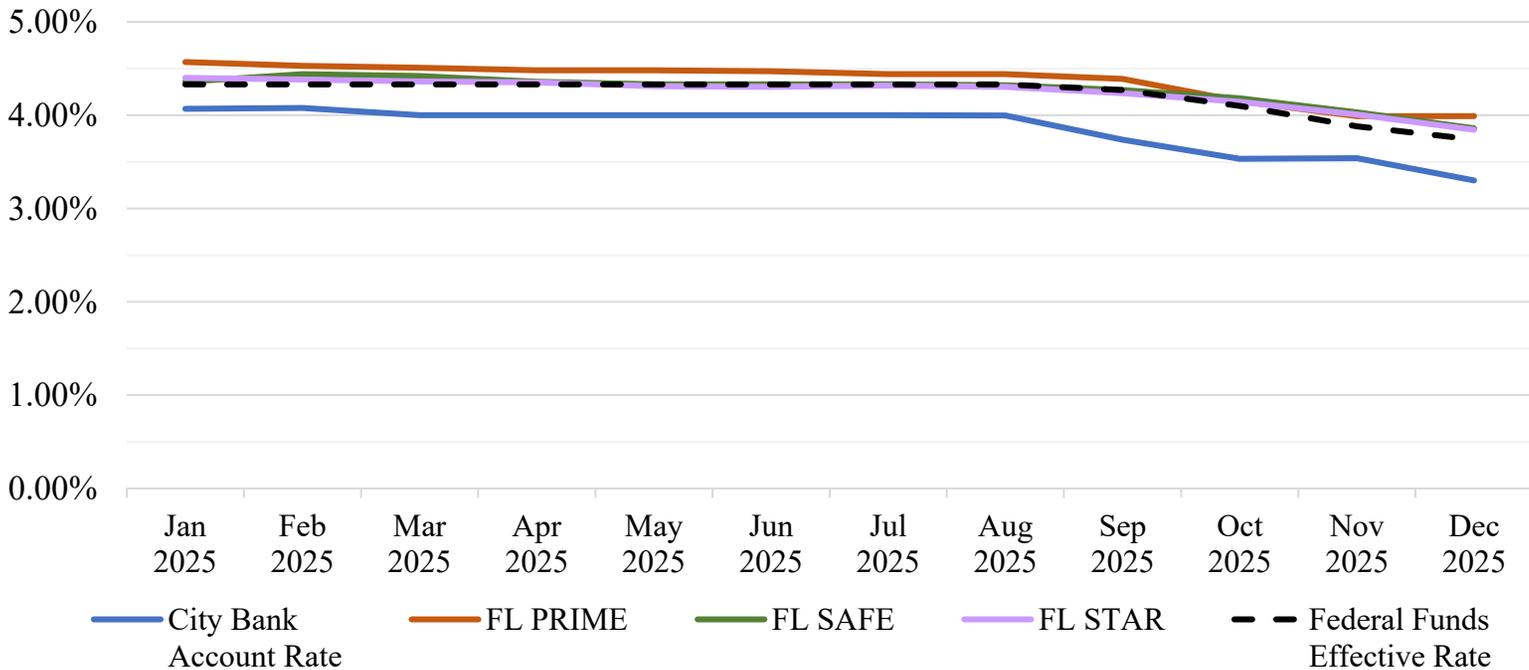


Name	Type	Balance on Sep. 30	Balance on Dec. 31	Net Flow Quarter	Interest Paid Quarter	Yield on Dec. 31
Dial Account	SM Now Public Funds	\$400,018.83	\$400,078.58	-\$3,289.55	\$3,349.30	3.23%
Payroll Account	SM Now Public Funds	\$59.54	\$73.93	\$13.97	\$0.42	3.30%
Accounts Payable	SM Now Public Funds	\$21.44	\$99.15	\$77.35	\$0.36	3.25%
REPO	SM Now Public Funds	\$2,873,655.98	\$5,001,444.66	\$2,095,300.00	\$32,488.68	3.31%
Parking Trust Fund	SM Now Public Funds	\$34,502.62	\$34,792.29	\$0.00	\$289.67	3.23%
Reserve Account	SM Now Public Funds	\$7,243,164.49	\$7,305,561.61	\$0.00	\$62,397.12	3.31%
Storm Water Drain Trust	SM Now Public Funds	\$278,628.07	\$96,873.14	-\$182,980.82	\$1,225.89	3.31%
2nd Local Option Gas Tax	SM Now Public Funds	\$46,477.86	\$42,631.34	-\$4,126.61	\$280.09	3.23%
Parks Rec Impact Fee Fund	SM Now Public Funds	\$1,080,807.55	\$897,515.78	-\$192,089.40	\$8,797.63	3.31%
ARPA Account	SM Now Public Funds	\$1,198,746.30	\$385,348.46	-\$819,551.52	\$6,153.68	3.31%
Peoples Transportation Tax Fund	SM Now Public Funds	\$814,215.55	\$779,250.58	-\$41,941.71	\$6,976.74	3.23%
State Forfeiture Fund	SM Now Public Funds	\$33,456.51	\$33,737.40	\$0.00	\$280.89	3.23%
Fed Forfeiture Fund	SM Now Public Funds	\$491,477.76	\$472,185.08	-\$23,275.21	\$3,982.53	3.23%
Truist Interest Checking	Truist Interest Checking	\$250,346.54	\$250,352.86	\$0.00	\$6.32	0.01%
Florida Prime	Florida Prime	\$14,245,970.76	\$18,393,762.45	\$4,000,000.00	\$147,791.69	3.99%
FL SAFE	FL SAFE	\$4,478,425.10	\$4,523,997.37	\$0.00	\$45,572.27	3.86%
FL STAR	FL STAR	\$575.04	\$580.83	\$0.00	\$5.79	3.8439%
<b>Total</b>		<b>\$33,470,549.94</b>	<b>\$38,618,285.51</b>	<b>\$4,828,136.50</b>	<b>\$319,599.07</b>	<b>3.67%</b>

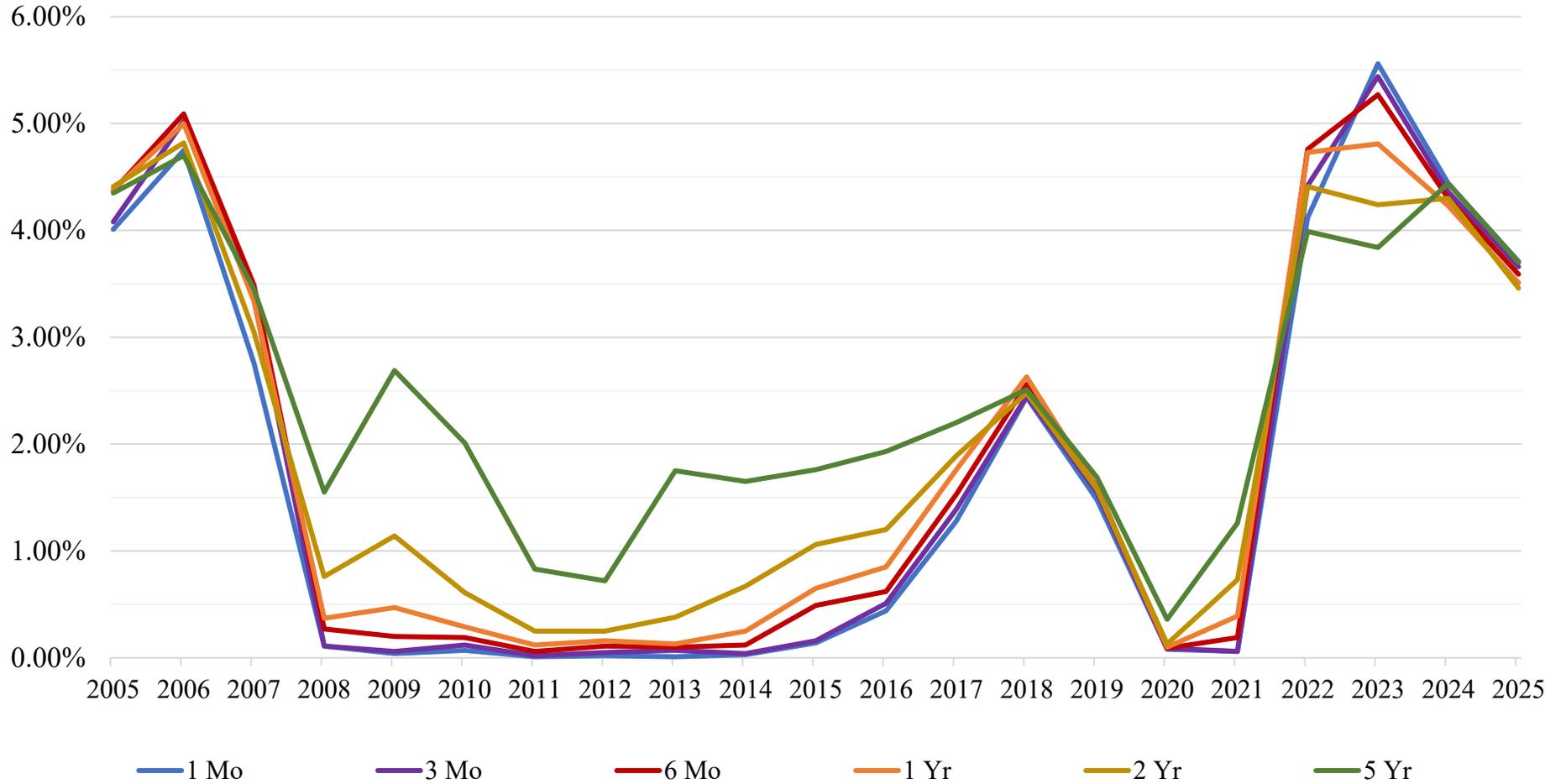


Monthly Average Annualized Yields - Trailing 12 Months

Month	City Bank Account Rate	FL PRIME	FL SAFE	FL STAR	Federal Funds Effective Rate
January 2025	4.07%	4.57%	4.36%	4.40%	4.33%
February 2025	4.08%	4.53%	4.44%	4.38%	4.33%
March 2025	4.00%	4.51%	4.42%	4.36%	4.33%
April 2025	4.00%	4.48%	4.36%	4.35%	4.33%
May 2025	4.00%	4.48%	4.33%	4.31%	4.33%
June 2025	4.00%	4.47%	4.33%	4.30%	4.33%
July 2025	4.00%	4.44%	4.33%	4.32%	4.33%
August 2025	4.00%	4.44%	4.32%	4.31%	4.33%
September 2025	3.74%	4.39%	4.27%	4.24%	4.27%
October 2025	3.53%	4.15%	4.18%	4.14%	4.10%
November 2025	3.54%	3.99%	4.03%	4.01%	3.88%
December 2025	3.30%	3.99%	3.86%	3.84%	3.74%



<b>Year</b>	<b>1 Mo</b>	<b>3 Mo</b>	<b>6 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>5 Yr</b>
2005	4.01%	4.08%	4.37%	4.38%	4.41%	4.35%
2006	4.75%	5.02%	5.09%	5.00%	4.82%	4.70%
2007	2.76%	3.36%	3.49%	3.34%	3.05%	3.45%
2008	0.11%	0.11%	0.27%	0.37%	0.76%	1.55%
2009	0.04%	0.06%	0.20%	0.47%	1.14%	2.69%
2010	0.07%	0.12%	0.19%	0.29%	0.61%	2.01%
2011	0.01%	0.02%	0.06%	0.12%	0.25%	0.83%
2012	0.02%	0.05%	0.11%	0.16%	0.25%	0.72%
2013	0.01%	0.07%	0.10%	0.13%	0.38%	1.75%
2014	0.03%	0.04%	0.12%	0.25%	0.67%	1.65%
2015	0.14%	0.16%	0.49%	0.65%	1.06%	1.76%
2016	0.44%	0.51%	0.62%	0.85%	1.20%	1.93%
2017	1.28%	1.39%	1.53%	1.76%	1.89%	2.20%
2018	2.44%	2.45%	2.56%	2.63%	2.48%	2.51%
2019	1.48%	1.55%	1.60%	1.59%	1.58%	1.69%
2020	0.08%	0.09%	0.09%	0.10%	0.13%	0.36%
2021	0.06%	0.06%	0.19%	0.39%	0.73%	1.26%
2022	4.12%	4.42%	4.76%	4.73%	4.41%	3.99%
2023	5.56%	5.44%	5.27%	4.81%	4.24%	3.84%
2024	4.44%	4.36%	4.30%	4.23%	4.30%	4.44%
December 31, 2025	3.71%	3.66%	3.59%	3.51%	3.46%	3.70%



Tenor	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	5 Yr
December 31, 2025	3.71%	3.66%	3.59%	3.51%	3.46%	3.70%

## **Economic Environment**

### *Data Delays Optimism?*

The fourth quarter of 2025 will be remembered for its statistical opacity, as an administrative shutdown disrupted reporting and left real-time activity shrouded. Despite this lack of clarity, a stark divergence emerged: the Atlanta Fed's GDPNow model estimated a robust 5.4% real GDP growth rate by late January 2026, while professional forecasters held to a much leaner 1.1% projection. This period was characterized by a tug-of-war between a resilient service sector and growing evidence of labor market fragility and credit tightening.

The labor market showed signs of cooling, with the unemployment rate ascending to 4.4% by the end of the quarter. This performance followed the December 16 release of the delayed November jobs report, which indicated a "hiring freeze" is hardening across several industries. The unemployment rate has ticked up modestly amongst all ages groups, excluding those aged 55 and older. That demographic has seen its unemployment rate move from 3.1% to 3.0%. On the other end of the spectrum, those aged 20-24 have seen their unemployed rate go from 7.5% to 8.2%, almost double the overall rate.

Consumer stability faced increasing headwinds as the personal savings rate dipped to 3.8%, well below the 6.0% historical average. This shift suggests that holiday season expenditures were

increasingly funded by cash reserves rather than organic income growth. These figures, as well as other various leading indicators, point to potential credit exhaustion, particularly among lower-income cohorts who appear to have reached their borrowing limits.

Large company internals signaled sustained strength, with S&P 500 earnings projected to rise 8.2% year-over-year. This marks ten consecutive quarters of growth. This resilience suggests that large-cap companies remain effectively insulated from broader household stress. However, a significant divergence is emerging between these giants and the broader corporate landscape. Early data and surveys, from the BEA and NIPA, from the final months of 2025 indicate a cooling in profits for the wider domestic sector, as smaller firms struggle to absorb rising input costs without the same flexibility to pass them to a more cautious consumer base. While most companies within the S&P 500 maintains healthy margins, many domestic businesses are facing a distinct squeeze, highlighting a growing performance gap across the U.S. economy.

The economic outlook for 2026 remains cautiously optimistic, centered on the consumer's ability to sustain spending amid a more restrictive credit environment. While the soft-landing thesis remains the base-case for many analysts, the transition toward slower job growth and elevated input costs introduces new variables. Early year tariff changes, geopolitical tension, and mounting concerns on a decoupling of economies have created an additional overhang.

**Domestic Equities***Fashionably Late*

The fourth quarter of 2025 marked a significant transition for the U.S. equity market, characterized by a notable shift in leadership and a broadening of market participation. Although the S&P 500 Index concluded the period with a positive return of 2.7%, the primary driver of market gains shifted from mega-cap technology toward domestic cyclicals. This trend was evidenced by the Dow Jones Industrial Average, which climbed 4.0% during the quarter. This rotation was largely fueled by the Federal Reserve's decisive 50-basis-point rate cut, which signaled a strategic pivot toward supporting the labor market and reinforced investor confidence in a potential soft landing.

While market breadth remained narrow for the majority of 2025, as it was dominated by the artificial intelligence narrative and the Magnificent Seven, clear signs of diversification emerged in the final quarter. Small-cap and mid-cap stocks demonstrated renewed momentum late in the period, supported by relatively attractive valuations and an improving economic outlook for 2026. The small-cap Russell 2000 Index rose 2.2% in the fourth quarter, resulting in a total gain of 12.8% for the calendar year. Sector performance further illustrated this broadening; Health Care led the market with an 11.7% quarterly gain, while Real Estate and Utilities lagged with respective declines of 2.9% and 1.4%.

Leadership during the quarter remained concentrated within the communication services and technology sectors, yet internal dynamics shifted significantly. While Alphabet and Nvidia delivered exceptional annual returns of 65% and 39% respectively, other members of the Magnificent Seven, such as Apple, Amazon, Meta, and Microsoft, failed to outperform the broader market in the final quarter. This performance suggests that artificial intelligence enthusiasm may no longer be the sole driver of returns for the technology sector. Concurrently, several cyclical and defensive sectors, including industrials and financials, posted strong double-digit gains for the year as investors began pricing in genuine economic stabilization.

In terms of investment styles, the Russell 3000 Value Index maintained a distinct advantage over its growth counterpart, returning 3.8% for the quarter compared to only 1.1% for the Russell 3000 Growth Index. This style disparity was mirrored in the small-cap segment, where value-oriented stocks continued to show resilience. As the market enters 2026, valuation disparities remain a central focus for investors. Large-cap stocks currently trade at a forward price-to-earnings ratio of 22.2, whereas mid-cap and small-cap segments appear more attractively valued at approximately 17.0 and 16.0 times earnings, respectively. This valuation gap may provide a tailwind for continued market broadening as investors seek opportunities outside the most expensive segments of the market.

## **International Equities**

### *Awake and Kicking*

Throughout 2025, international equities experienced a significant regime shift, transitioning from a mere diversification tool into the growth engine for a portfolio. This "Great Rotation" was fundamentally underpinned by a sharp 9.0% decline in the trade-weighted U.S. Dollar, which eased global financial conditions and allowed international central banks to pivot toward growth without the immediate threat of currency collapse. This macro-divergence created an advantageous environment for the MSCI All Country World ex U.S. Index, which delivered a 5.1% return for the quarter.

Performance within Emerging Markets was a standout narrative, particularly in Asia, as capital migrated from U.S. hyperscalers into "pick and shovel" hardware manufacturers. The MSCI Emerging Markets Index advanced 4.8% during the quarter, led by an exceptional performance in South Korea. The MSCI Korea Index returned 27.4% for the quarter, fueled by insatiable memory chip demand and corporate governance reforms that are beginning to narrow the historic "Korea Discount." Meanwhile, Chinese equities rallied 4.8% as fiscal stimulus measures from the PBOC began to manifest in real economic data.

In Developed Markets, the narrative was one of resilience against a backdrop of global synchronization, with the MSCI EAFE Index advancing 4.9%. Regionally, Europe posted a gain of 6.3%, while

the Pacific advanced 2.2%. Japanese equities boosted the region with a return of 3.3%, as the Bank of Japan continued its normalization experiment. The UK was a standout in Europe, gaining 7.0% on better-than-expected results and a bump to sentiment. In terms of investment styles, International Value maintained a clear advantage, with the MSCI ACWI ex U.S. Value Index returning 7.7% for the quarter, significantly outperforming the 2.6% return of its growth counterpart.

As we enter 2026, the market is signaling a transition where U.S. exceptionalism has been replaced by a synchronized, multipolar recovery. This shift is further underscored by valuation disparities; while the U.S. market remains elevated, the MSCI EAFE and MSCI Emerging Markets indices currently trade at more attractive forward P/E ratios of 15.5 and 13.5, respectively.

## **Fixed Income**

### *Steady State Flow*

Q4 2025 reinstated fixed income as a ballast, marking the definitive conclusion of a painful three-year bear market cycle in Fixed Income. The Bloomberg Capital Aggregate Index was up 1.1% in the quarter and finished the year up 7.3%.

The asset class transitioned from an environment of capital preservation to one of capital appreciation, generating price returns that meaningfully augmented total fund performance. The primary

driver was the Federal Reserve's 50-basis point easing, which precipitated a classic "bull steepening" of the yield curve. While the 2-year Treasury yield dropped sharply in response to the dovish pivot, the long end of the curve rallied more temperately, restoring a traditional term premium. This trajectory suggests the market is pricing in a scenario where inflation settles slightly above the 2% target.

Within the credit markets, the much-feared "maturity wall" proved to be a manageable hurdle rather than a systemic cliff. Corporate credit spreads tightened to cycle lows across both Investment Grade and High Yield sectors, highlighting the market's belief that a recession is no longer the base case. High Yield, in particular, benefited from a "goldilocks" environment where falling rates eased refinancing pressures while growth remained sufficient to keep default rates below historical averages. The Bloomberg High Yield Index was up 1.3% for the quarter and ended the year up 8.6%.

We also observed a notable divergence in securitized sectors; Agency Mortgage-Backed Securities outperformed as rate volatility subsided, whereas Commercial Mortgage-Backed Securities remained bifurcated, with office properties continuing to struggle. While the aggregate yield on the portfolio has drifted lower from its peak, the quality of that yield has improved as we lock in durable, intermediate-duration rates, effectively mitigating the reinvestment risk that now looms over shorter-term instruments.

## Cash Equivalents

### *How Low Can You Go*

The three-month T-Bill returned 0.5% for the fourth quarter. This is a flat result from the prior quarter. Three-month treasury bills are now yielding 3.7%. This is down from 4.4% at the beginning of the year. Market participants are expecting this to stay relatively stable in the short term and are pricing in 1-2 cuts in 2026.

**Economic Statistics**

	<b>Current Quarter</b>	<b>Previous Quarter</b>
<b>GDP (annualized)</b>	5.4%	4.4%
<b>Unemployment Rate</b>	4.4%	4.4%
<b>CPI All Items Yr/Yr</b>	2.7%	3.0%
<b>Fed Funds Effective Rate</b>	3.64%	4.09%
<b>Industrial Capacity Utilization</b>	76.3%	76.1%
<b>Corporate Spread</b>	0.79%	0.76%
<b>Consumer Sentiment (as of Nov.)</b>	51.0	55.1
<b>U.S. Dollars per Euro</b>	\$1.17	\$1.17

*Current quarter GDP is estimated.*

**Major Index Returns**

<b>Index</b>	<b>Quarter</b>	<b>12 Months</b>
<b>Russell 3000</b>	2.4%	17.1%
<b>S&amp;P 500</b>	2.7%	17.9%
<b>Russell Midcap</b>	0.2%	10.6%
<b>Russell 2000</b>	2.2%	12.8%
<b>MSCI EAFE</b>	4.9%	31.9%
<b>MSCI Emerging Markets</b>	4.8%	34.4%
<b>NCREIF ODCE</b>	0.9%	3.8%
<b>Bloomberg Aggregate Index</b>	1.1%	7.3%

**Russell Index Style Spread**

<b>Quarter</b>	<b>Trailing Year</b>		
	<b>GRO</b>	<b>COR</b>	<b>VAL</b>
<b>LC</b>	1.1	2.4	3.8
<b>MC</b>	-3.7	0.2	1.4
<b>SC</b>	1.2	2.2	3.3

**Market Summary**

- Domestic equity cooled, but continued to grow.
- EAFE maintained a steady pace; EM slowed.
- Strength of the dollar remained relatively flat.
- Fed funds target rate drops a quarter point.



**CPI Measures, Year Over Year % Change**

	4Q25	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24
<b>CPI</b>	2.7	3.0	2.7	2.4	2.9	2.4	3.0	3.5
<b>Core CPI</b>	2.6	3.0	2.9	2.8	3.2	3.3	3.3	3.8
<b>Food</b>	3.1	3.1	3.0	3.0	2.5	2.3	2.2	2.2
<b>Energy</b>	2.0	2.9	-0.6	-3.2	-0.3	-6.8	1.0	1.8
<b>Rent</b>	2.9	3.4	3.8	4.0	4.3	4.8	5.1	5.7
<b>Services</b>	3.3	3.6	3.8	3.7	4.4	4.7	5.0	5.3

**Producer Price Index, Year Over Year % Change**

	4Q25	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24
<b>Aluminum</b>	N/A	12.9	1.7	11.0	6.5	0.3	-3.2	-13.5
<b>Copper</b>	N/A	1.5	3.7	9.6	6.0	10.4	12.5	0.1
<b>Iron &amp; Steel</b>	N/A	8.9	3.9	-2.5	-11.5	-9.8	-11.5	-5.8
<b>Coffee</b>	N/A	32.2	30.6	18.1	13.2	6.3	6.7	6.5
<b>Soybeans</b>	N/A	2.0	-10.2	-16.8	-25.5	-27.1	-14.5	-21.5
<b>Wheat</b>	N/A	-11.5	-14.6	-7.2	-14.9	-19.7	-19.3	-25.4

**Other Measures, Year Over Year % Change**

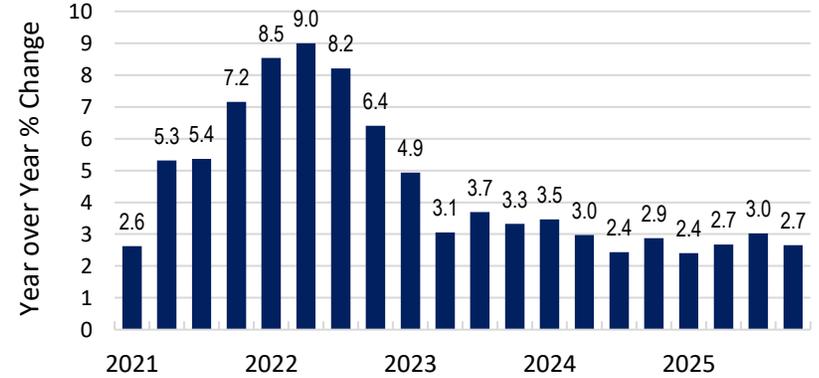
	4Q25	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24
<b>WTI Oil</b>	-21.0	-8.1	-20.0	-14.4	0.8	-24.3	17.2	10.9
<b>Gas at Pump</b>	-6.5	-1.9	-8.0	-10.2	-3.5	-17.1	-3.7	3.0
<b>House Prices</b>	N/A	3.2	3.9	4.9	5.6	5.1	5.8	6.3
<b>Wage Growth</b>	N/A	4.1	4.2	4.3	4.2	4.7	5.3	4.7

*CPI & PPI source: U.S. Bureau of Labor Statistics*

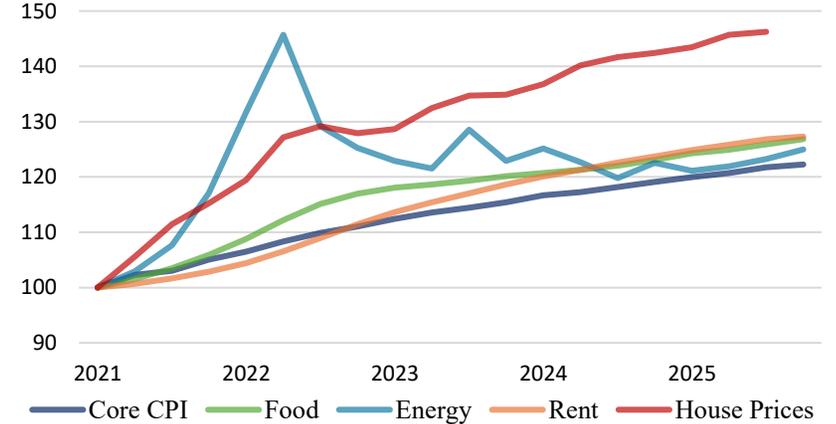
*House Prices source: U.S. Federal Housing Finance Agency*

*Wage Growth source: Federal Reserve Bank of Atlanta*

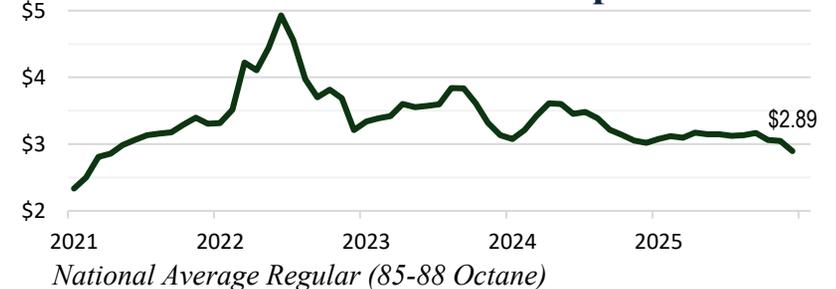
**Consumer Price Index**



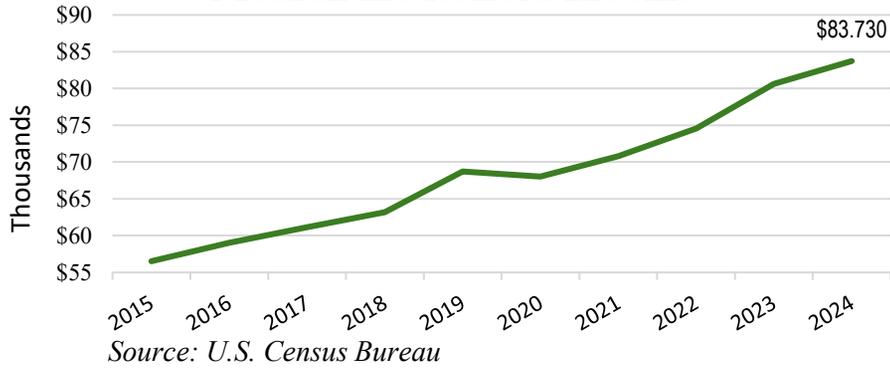
**5-Year Indexed Price Levels**



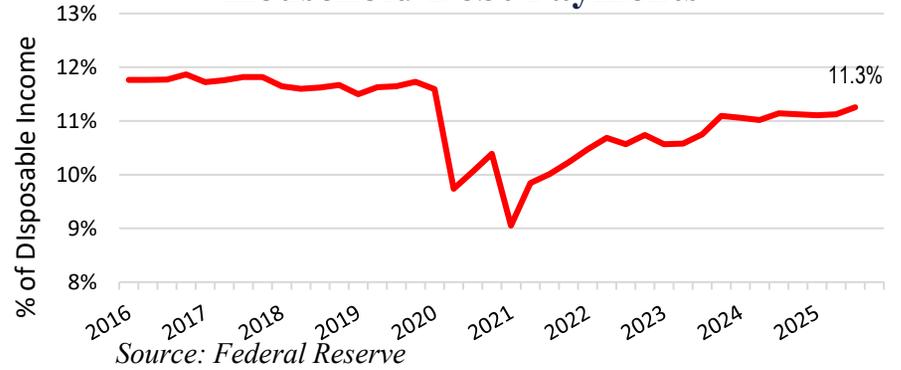
**Gas Price at the Pump**



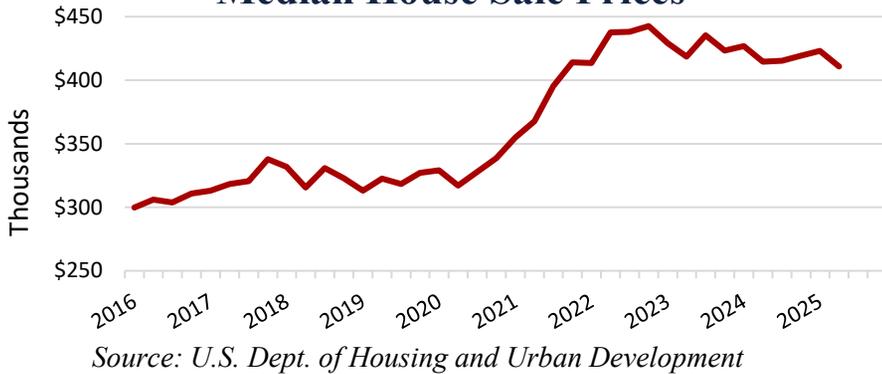
**Median Household Income**



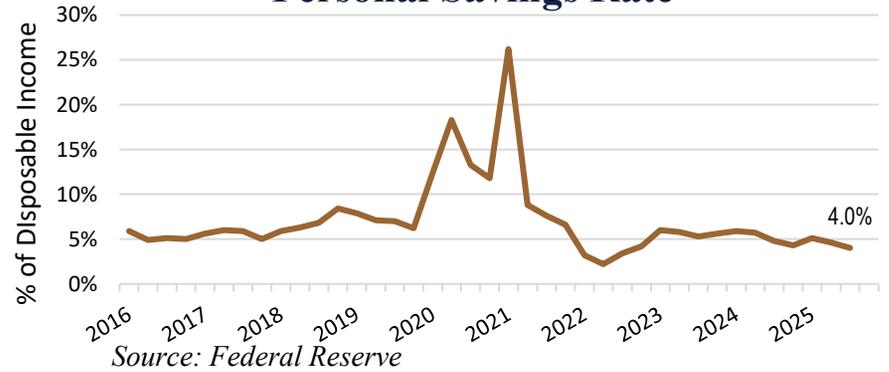
**Household Debt Payments**



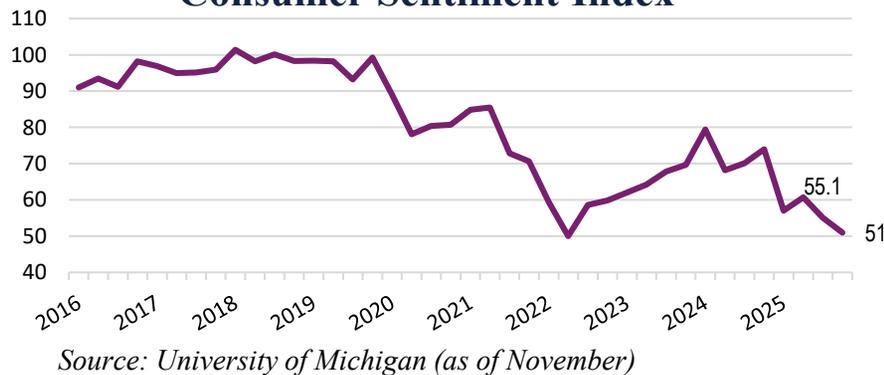
**Median House Sale Prices**



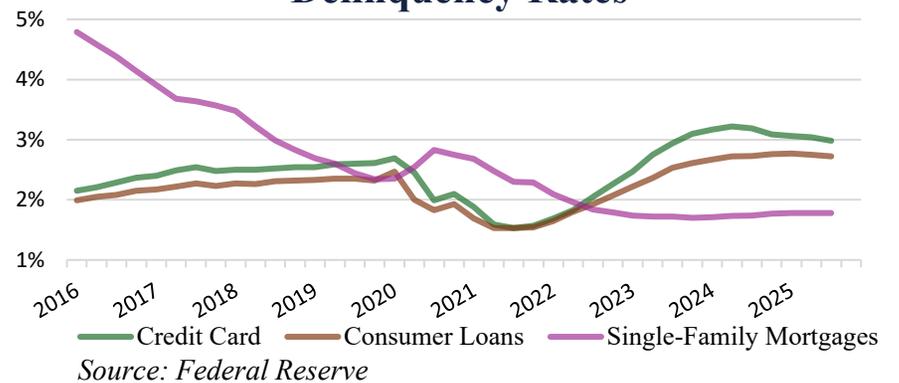
**Personal Savings Rate**



**Consumer Sentiment Index**



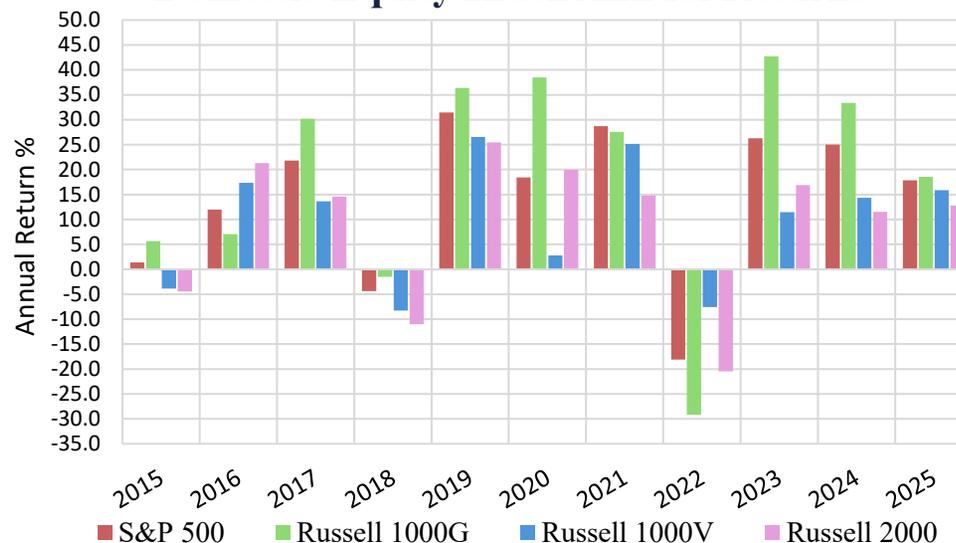
**Delinquency Rates**



**Domestic Equity Index Annualized Returns**

Index	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
S&P 500	2.7	17.9	23.0	14.4	14.8
S&P 400	1.6	7.5	12.6	9.1	10.7
S&P 600	1.7	6.0	10.2	7.3	9.8
Russell 3000	2.4	17.1	22.2	13.2	14.3
Russell 1000	2.4	17.4	22.7	13.6	14.6
Russell 1000G	1.1	18.6	31.2	15.3	18.1
Russell 1000V	3.8	15.9	13.9	11.3	10.5
Russell Mid	0.2	10.6	14.4	8.7	11.0
Russell 2000	2.2	12.8	13.7	6.1	9.6

**Domestic Equity Index Annual Returns**



**S&P 500 Sector Returns and Weights**

Sector	Weight	1 Qtr	1 Yr
Communications	10.6	7.3	33.6
Consumer Discretionary	10.4	0.7	6.0
Consumer Staples	4.7	0.0	3.9
Energy	2.8	1.5	8.7
Financials	13.4	2.0	15.0
Healthcare	9.6	11.7	14.6
Industrials	8.2	0.9	19.4
Information Technology	34.4	1.4	24.0
Materials	1.8	1.1	10.5
Real Estate	1.8	-2.9	3.2
Utilities	2.2	-1.4	16.0

**Russell Index Style Spread**

Quarter	Trailing Year		
	GRO	COR	VAL
LC	1.1	2.4	3.8
MC	-3.7	0.2	1.4
SC	1.2	2.2	3.3

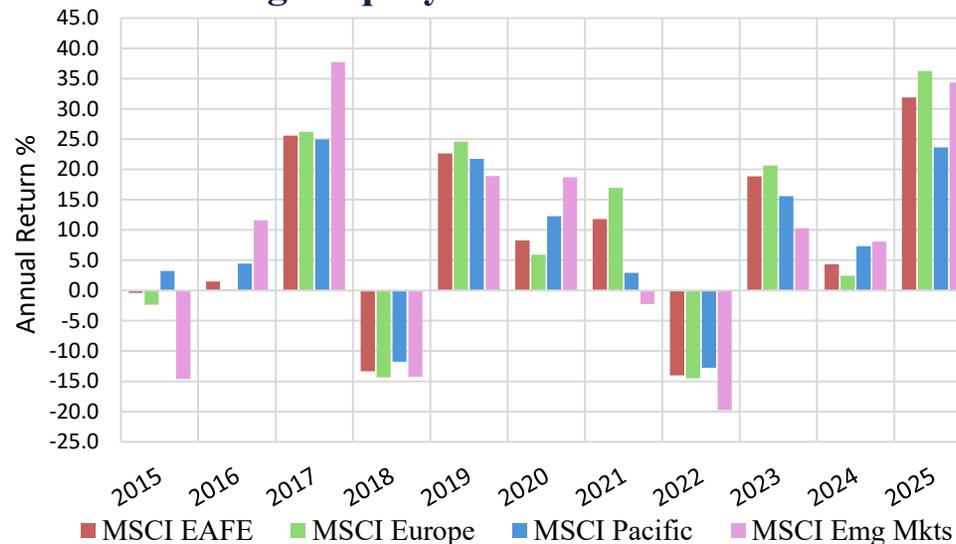
**Best and worst performers for the quarter and trailing year:**

<b>Highest:</b>	<b>Highest:</b>
Large Cap Value 3.8	Large Cap Growth 18.6
<b>Lowest:</b>	<b>Lowest:</b>
Mid Cap Growth -3.7	Mid Cap Growth 8.7
<b>Spread:</b>	<b>Spread:</b>
7.5	9.9

**Foreign Equity Index Annualized Returns**

Index	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
ACWI Ex-US	5.1	33.1	18.0	8.5	8.9
MSCI EAFE	4.9	31.9	17.8	9.5	8.7
EAFE Growth	1.9	21.1	13.5	4.8	7.8
EAFE Value	7.9	43.3	22.2	14.1	9.4
MSCI Europe	6.3	36.3	19.0	11.0	9.2
MSCI Pacific	2.2	23.6	15.3	6.6	8.0
EAFE Small Cap	2.7	32.5	15.5	6.1	7.9
MSCI Emg Mkts	4.8	34.4	17.0	4.7	8.9

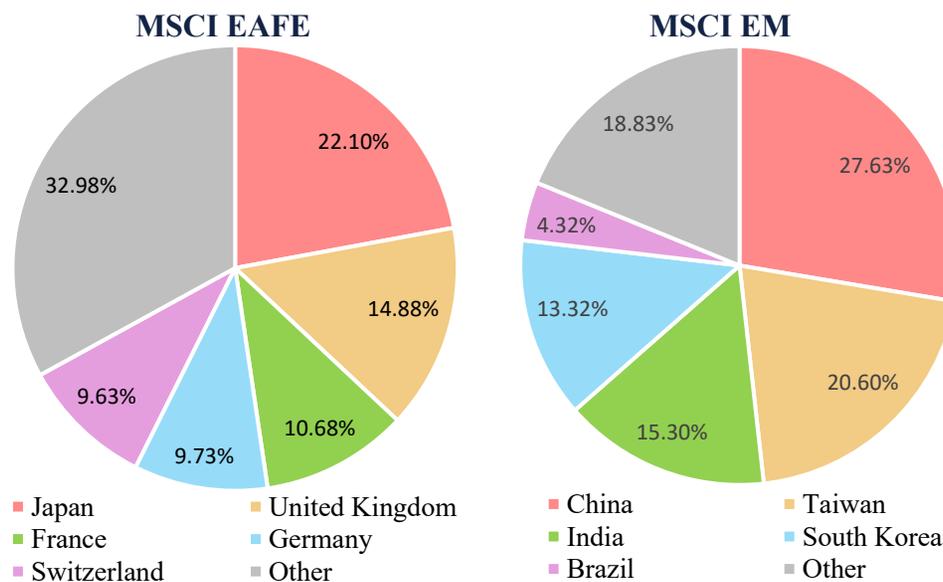
**Foreign Equity Index Annual Returns**



**MSCI Country Returns**

Country	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
<b>MSCI EAFE Top Five Countries</b>					
Japan	3.3	25.1	18.0	7.0	8.0
United Kingdom	7.0	35.1	18.4	13.3	7.9
France	3.5	29.5	14.7	9.7	9.9
Germany	2.6	37.1	23.6	9.4	8.4
Switzerland	9.8	34.8	16.0	9.1	9.8
<b>MSCI Emerging Markets Top Five Countries</b>					
China	-7.3	31.4	11.8	-3.0	5.7
Taiwan	10.4	39.8	35.4	17.4	19.9
India	4.8	4.3	12.5	10.8	10.2
South Korea	27.4	100.8	24.0	4.5	10.2
Brazil	7.2	50.4	12.3	6.1	11.1

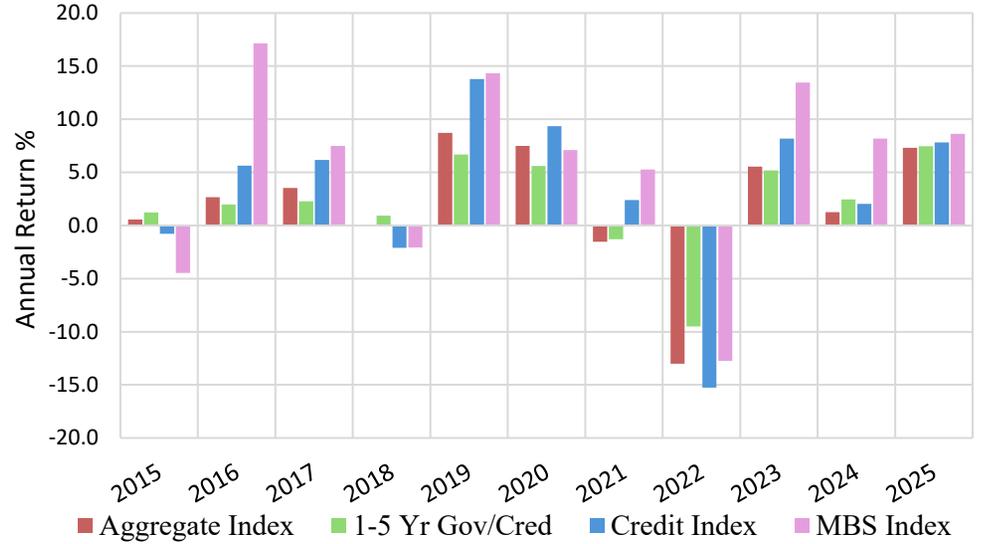
**MSCI Country Weights**



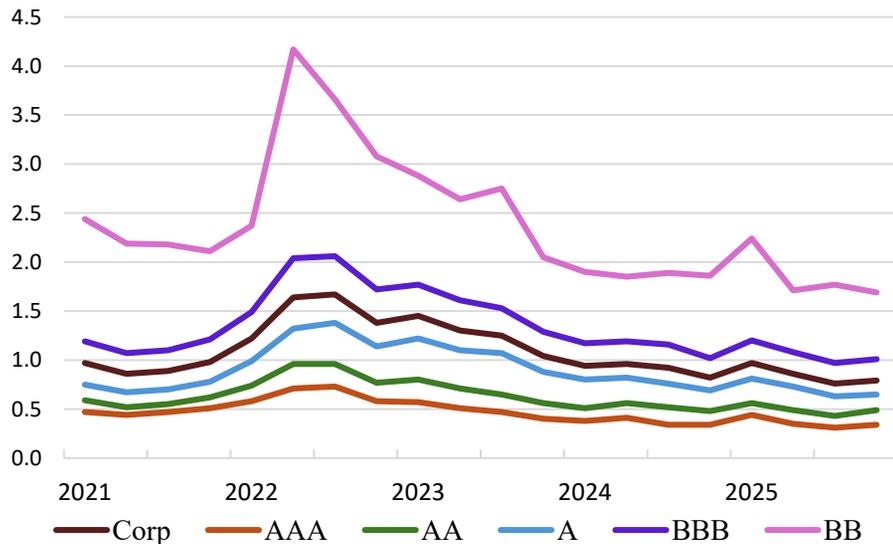
**Bond Index Annualized Returns**

Index	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Aggregate Index	1.1	7.3	4.7	-0.4	2.0
Int Aggregate	1.4	7.5	5.0	0.7	2.1
1-5 Yr Gov/Cred	1.2	6.1	4.9	1.6	2.2
LT Gov/Credit	0.0	6.6	3.1	-4.9	2.0
Government Index	0.9	6.3	3.6	-0.5	1.6
Credit Index	0.9	7.8	6.0	0.6	3.5
MBS Index	1.7	8.6	4.9	0.1	1.6
High Yield Index	1.3	8.6	10.1	4.1	6.3
US TIPS Index	0.1	7.0	4.2	1.1	3.1

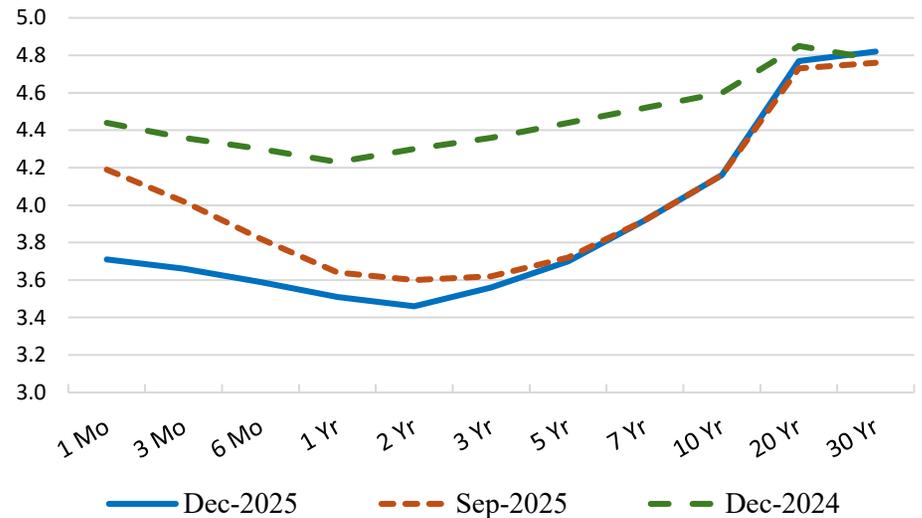
**Bond Index Annual Returns**



**Corporate Spreads**



**Treasury Yield Curve**



## Market Review

## Asset Class Quilt

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
34.5	32.6	39.8	15.8	79.0	26.9	16.0	18.6	38.8	13.7	15.0	21.3	37.8	12.4	36.4	38.5	42.0	12.9	42.7	33.4	34.4
EM	EM	EM	Farm	EM	SC	RE	EM	SC	PE	RE	SC	EM	PE	GRO	GRO	PE	Timb	GRO	GRO	EM
33.9	27.7	18.4	9.5	40.5	25.5	15.2	18.6	34.8	13.7	10.3	17.3	30.2	8.3	31.5	29.2	28.7	9.6	26.3	25.0	31.9
Farm	PE	Timb	Timb	MC	MC	Farm	Farm	MC	LC	Farm	VAL	GRO	RE	LC	PE	LC	Farm	LC	LC	EAFE
26.4	26.9	18.3	5.2	37.2	23.0	10.7	17.9	33.5	13.5	10.3	13.8	25.6	6.7	30.5	19.9	27.6	7.5	18.9	15.3	18.6
PE	EAFE	PE	Bond	GRO	PE	PE	EAFE	GRO	VAL	PE	MC	EAFE	Farm	MC	SC	GRO	RE	EAFE	MC	GRO
21.4	22.2	16.0	-10.0	32.5	19.2	7.9	17.5	32.5	13.2	5.7	12.3	21.8	3.2	26.5	18.7	25.2	-4.2	17.2	14.4	17.9
RE	VAL	RE	RE	EAFE	EM	Bond	VAL	VAL	MC	GRO	PE	LC	Timb	VAL	EM	VAL	PE	MC	VAL	LC
19.3	21.2	15.9	-24.6	27.2	16.7	2.6	17.3	32.4	13.1	5.0	12.0	20.5	0.0	25.5	18.4	22.6	-7.5	16.9	11.5	15.9
Timb	Farm	Farm	PE	SC	GRO	GRO	MC	LC	GRO	Timb	LC	PE	Bond	SC	LC	MC	VAL	SC	SC	VAL
14.0	18.4	11.8	-33.8	26.5	16.5	2.1	16.3	23.5	12.6	1.4	11.6	18.5	-1.5	22.7	17.1	22.2	-13.0	11.5	8.2	12.8
EAFE	SC	GRO	SC	LC	RE	LC	SC	PE	Farm	LC	EM	MC	GRO	EAFE	MC	RE	Bond	VAL	PE	SC
12.7	16.3	11.6	-36.8	19.7	15.5	1.5	16.0	23.3	12.5	0.6	8.8	14.6	-4.4	18.9	8.3	14.8	-14.0	10.3	8.1	10.6
MC	RE	EAFE	VAL	VAL	VAL	Timb	LC	EAFE	RE	Bond	RE	SC	LC	EM	EAFE	SC	EAFE	EM	EM	MC
7.1	15.8	7.0	-37.0	14.5	14.9	0.4	15.3	20.9	10.5	-0.4	7.1	13.6	-8.3	18.6	7.5	11.8	-17.3	9.3	7.0	7.3
VAL	LC	Bond	LC	PE	LC	VAL	GRO	Farm	Timb	EAFE	Farm	VAL	VAL	PE	Bond	EAFE	MC	PE	Timb	Bond
5.3	15.3	5.6	-38.4	6.3	8.8	-1.6	14.6	13.9	6.0	-2.4	7.1	7.6	-9.1	8.7	3.1	9.2	-18.1	8.8	4.3	4.2
GRO	MC	MC	GRO	Farm	Farm	MC	PE	RE	Bond	MC	GRO	RE	MC	Bond	Farm	Timb	LC	Timb	EAFE	PE
4.9	13.7	5.5	-41.5	5.9	8.2	-4.2	10.9	9.7	4.9	-3.8	2.7	6.2	-11.0	5.3	2.8	7.8	-19.7	5.5	1.2	3.8
LC	Timb	LC	MC	Bond	EAFE	SC	RE	Timb	SC	VAL	Bond	Farm	SC	RE	VAL	Farm	EM	Bond	Bond	RE
4.5	9.1	-0.2	-43.1	-4.8	6.6	-11.7	7.8	-2.0	-1.8	-4.4	2.6	3.6	-13.4	4.8	1.2	-1.5	-20.4	5.0	-1.0	2.9
SC	GRO	VAL	EAFE	Timb	Bond	EAFE	Timb	Bond	EM	SC	Timb	Timb	EAFE	Farm	RE	Bond	SC	Farm	Farm	Timb
2.4	4.3	-1.6	-53.2	-29.8	-0.1	-18.2	4.2	-2.3	-4.5	-14.6	1.5	3.5	-14.2	1.3	0.8	-2.2	-29.1	-12.0	-1.4	0.4
Bond	Bond	SC	EM	RE	Timb	EM	Bond	EM	EAFE	EM	EAFE	Bond	EM	Timb	Timb	EM	GRO	RE	RE	Farm

### Asset Class - Index Name

Large Cap Growth (GRO) - Russell 1000 Growth
Large Cap Value (VAL) - Russell 1000 Value
Large Cap (LC) - S&P 500
Mid Cap (MC) - Russell Mid Cap
Small Cap (SC) - Russell 2000
Developed Markets (EAFE) - MSCI EAFE

### Asset Class - Index Name

Emerging Markets (EM) - MSCI Emerging Markets
Private Equity (PE) - Cambridge US Private Equity
Real Estate (RE) - NCREIF NFI-ODCE Index
Timber (Timb) - NCREIF Timber Index
Farmland (Farm) - NCREIF Farmland Index
Core Fixed Income (Bond) - Bloomberg Aggregate Index



# Economic and Market Update



U.S. | 1Q 2026

As of December 31, 2025

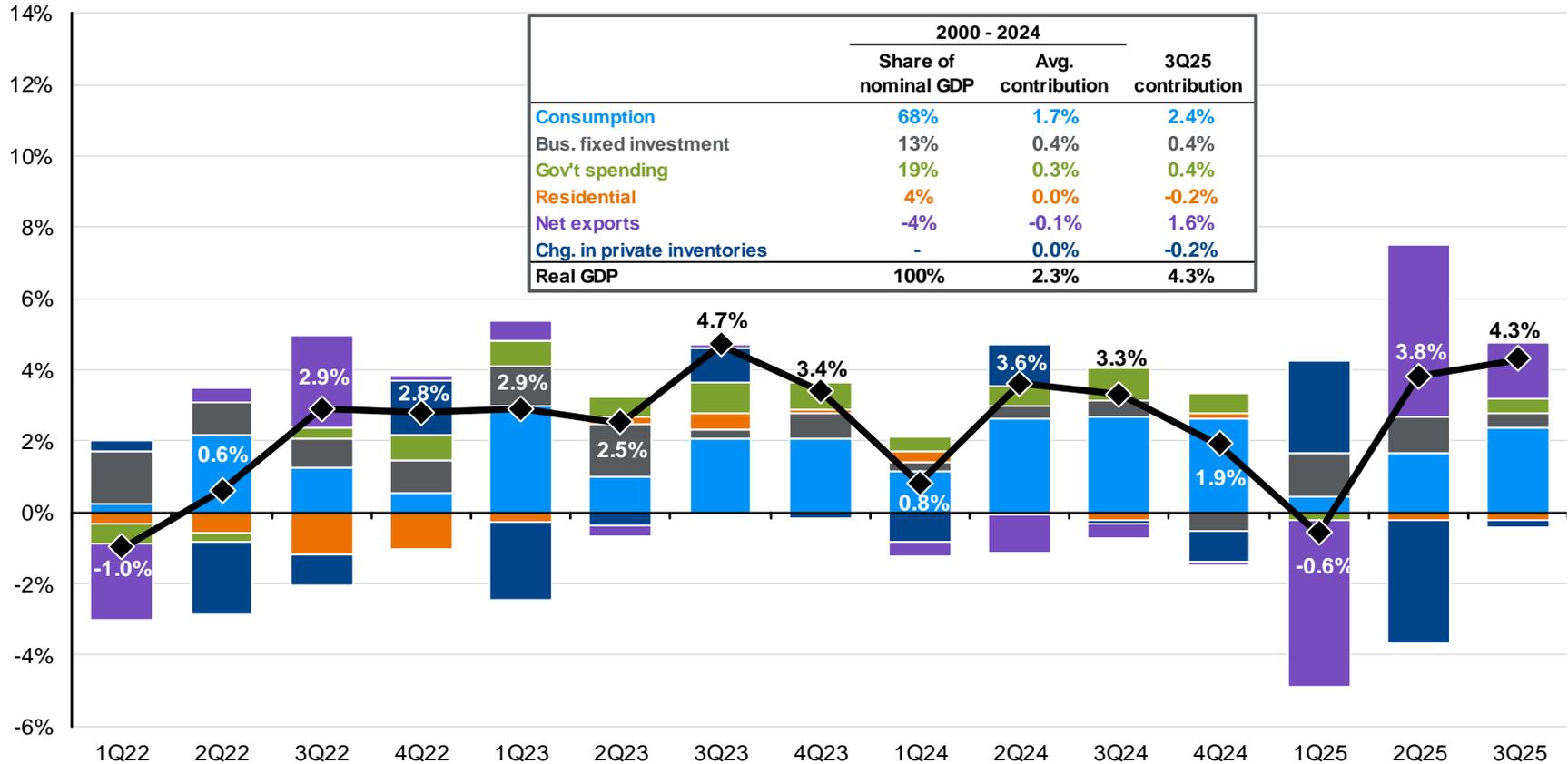


# Components of GDP growth

Economy

## Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



Source: BEA, FactSet, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of December 31, 2025.

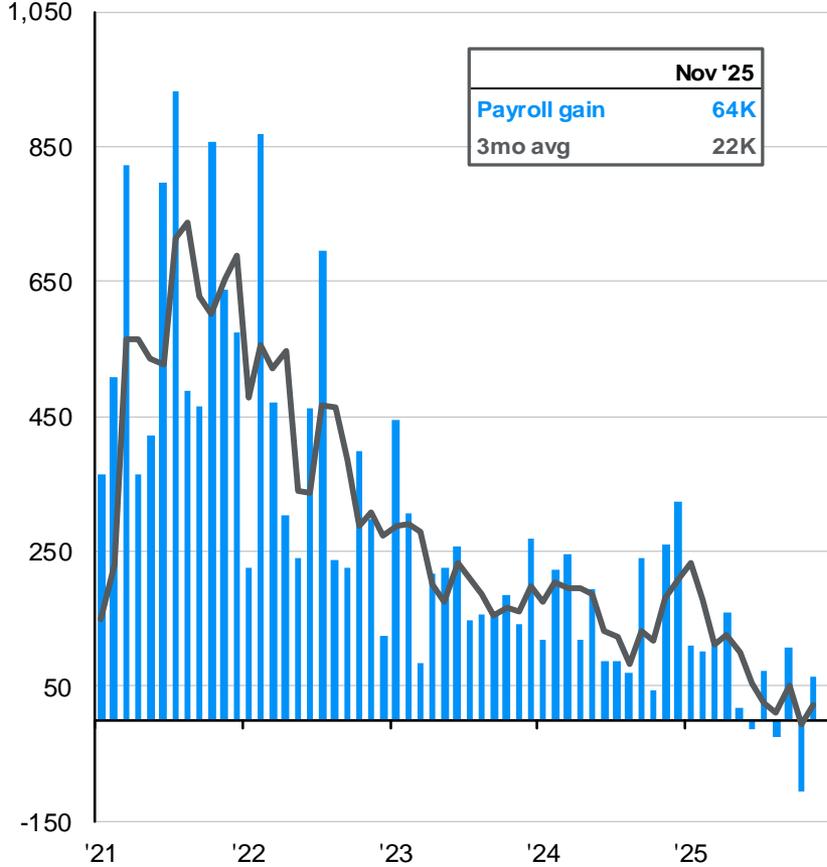


# Labor market dynamics

Economy

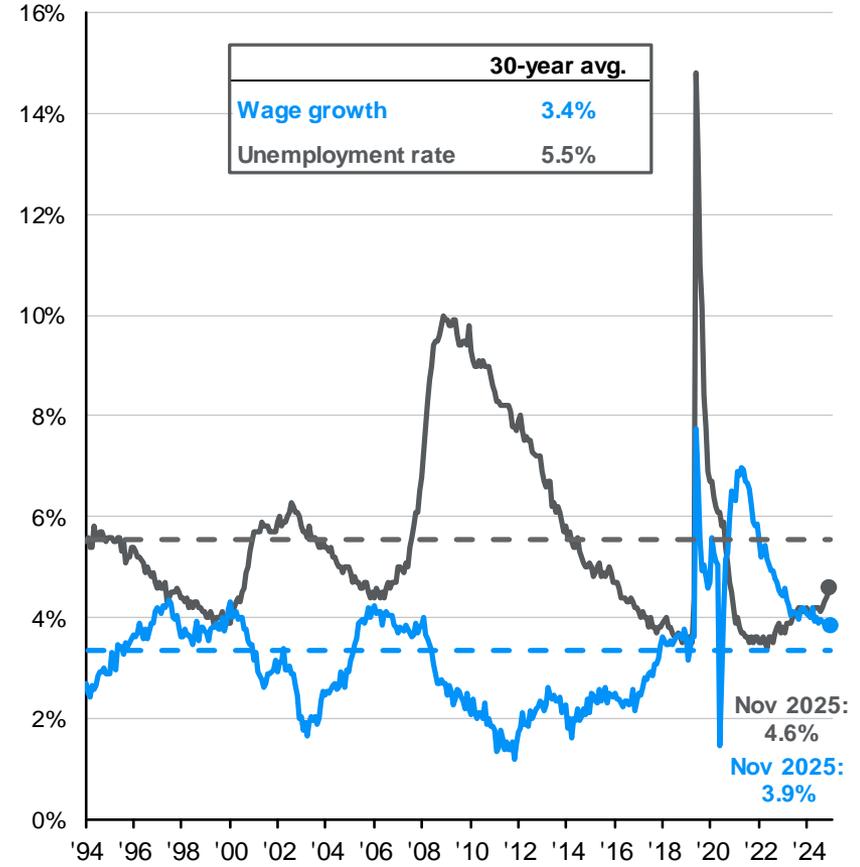
## Nonfarm payroll gains

Month-over-month change and 3-month moving average, thousands, SA



## Civilian unemployment rate and annual wage growth

Private production and non-supervisory workers, seasonally adjusted, %



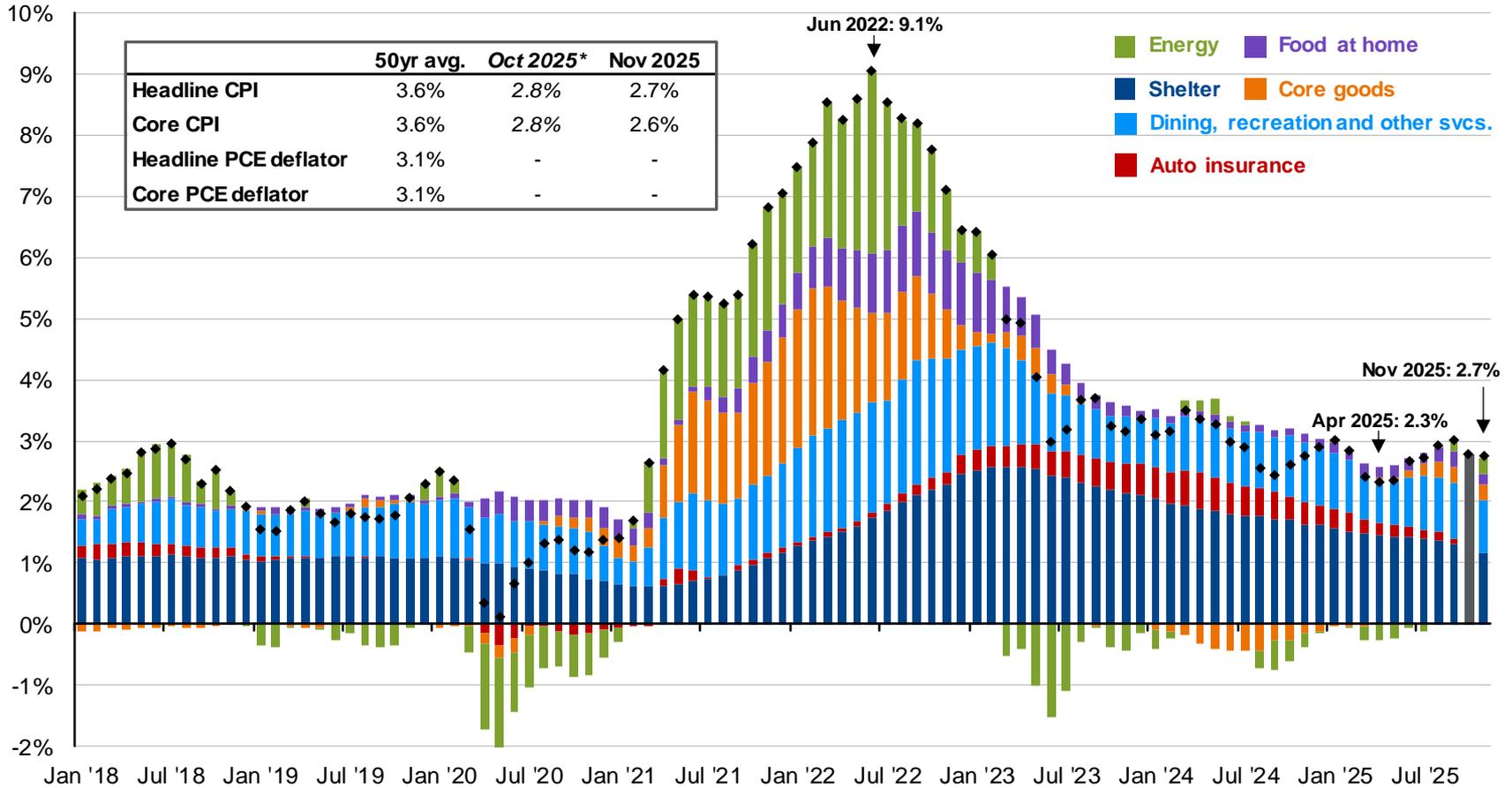
Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs. Guide to the Markets – U.S. Data are as of December 31, 2025.



# Inflation components

## Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management.

Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. \*Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates.

Guide to the Markets – U.S. Data are as of December 31, 2025.

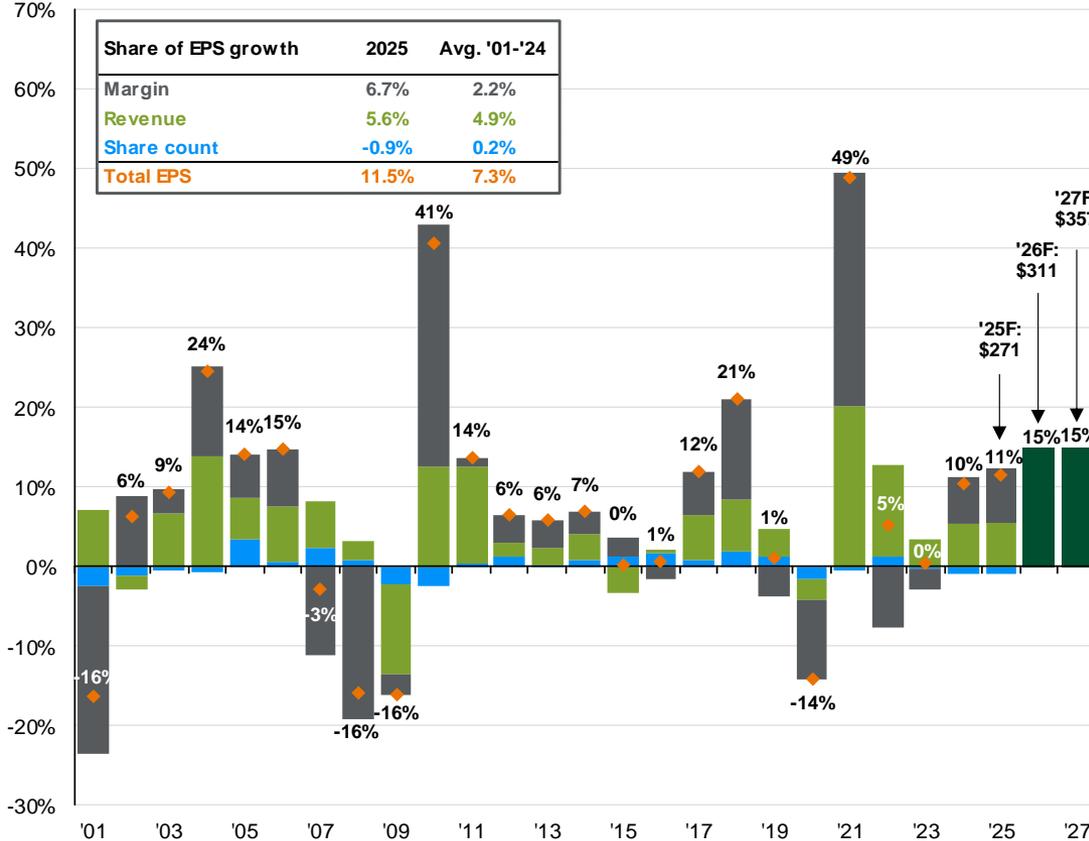


# Sources of earnings growth and profit margins

Equities

## S&P 500 EPS growth

Year-over-year growth broken into changes in revenue, profit margin and share count



## S&P 500 profit margins

Quarterly earnings/sales



Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
 Historical EPS values are based on annual earnings per share. Forecasts for 2025, 2026 and 2027 reflect consensus analyst expectations, provided by FactSet. Past performance is no guarantee of future results.  
 Guide to the Markets – U.S. Data are as of December 31, 2025.

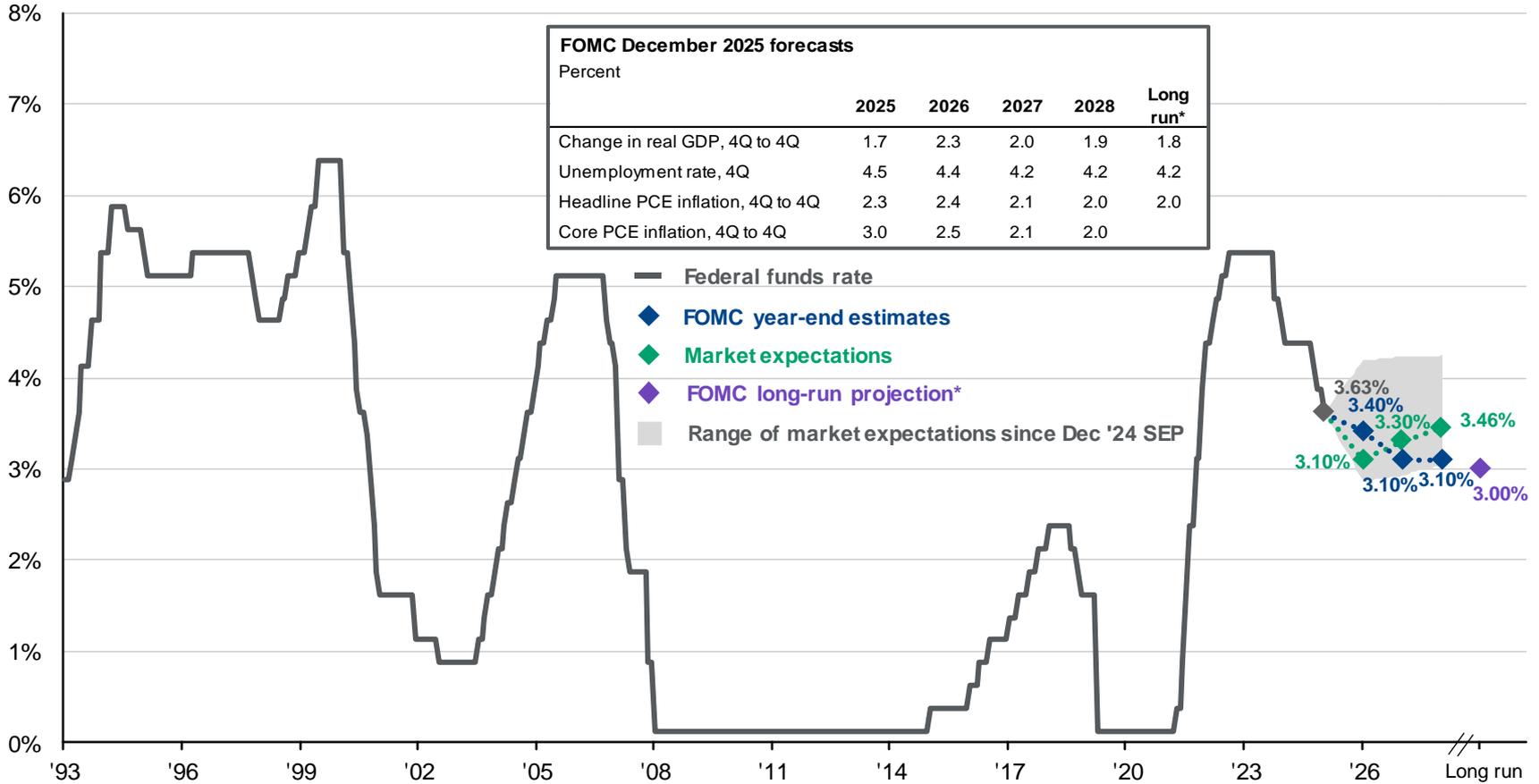


# The Fed and interest rates

Fixed Income

## 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, 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.

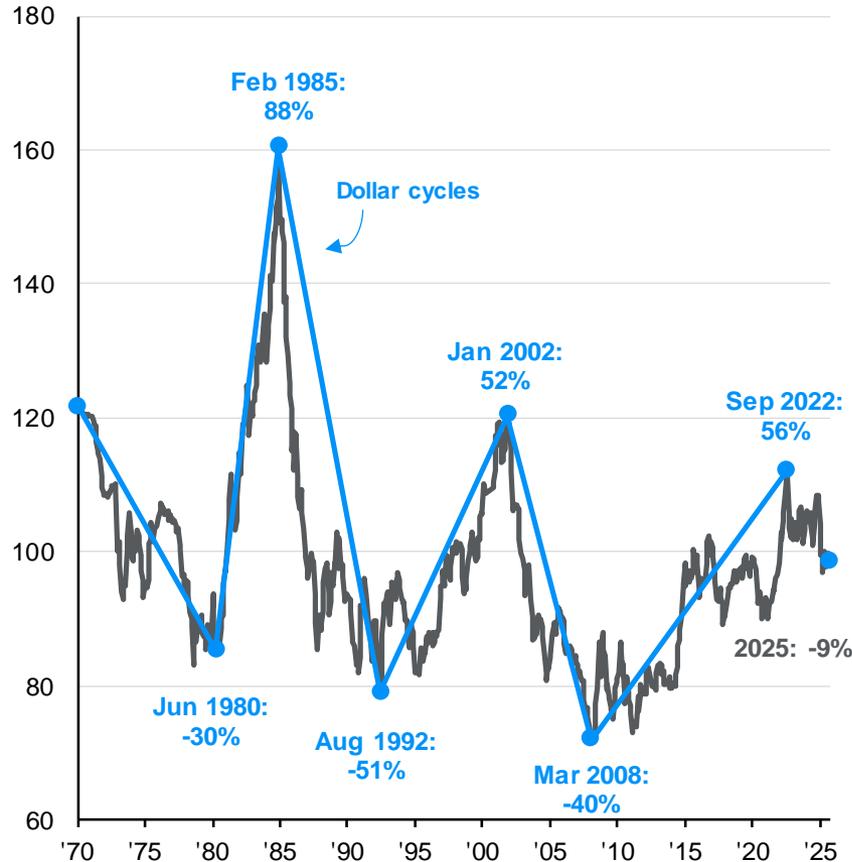
Guide to the Markets – U.S. Data are as of December 31, 2025.



# Dollar drivers

## The U.S. dollar

DXY Index, level



## The U.S. trade balance

Current account balance, % of GDP



## Developed markets interest rate differentials

Difference between U.S. and international 2-year yields\*



Source: Bloomberg, FactSet, J.P. Morgan Asset Management; (Left) ICE; (Top right) BEA; (Bottom right) BIS.

Currencies in the DXY Index are: British pound, Canadian dollar, euro, Japanese yen, Swedish krona and Swiss franc. \*Interest rate differential is the difference between the 2-year U.S. Treasury yield and a basket of the 2-year yields of each major trading partner (Australia, Canada, eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 2-year average of total government bonds outstanding in each region.

Guide to the Markets – U.S. Data are as of December 31, 2025.

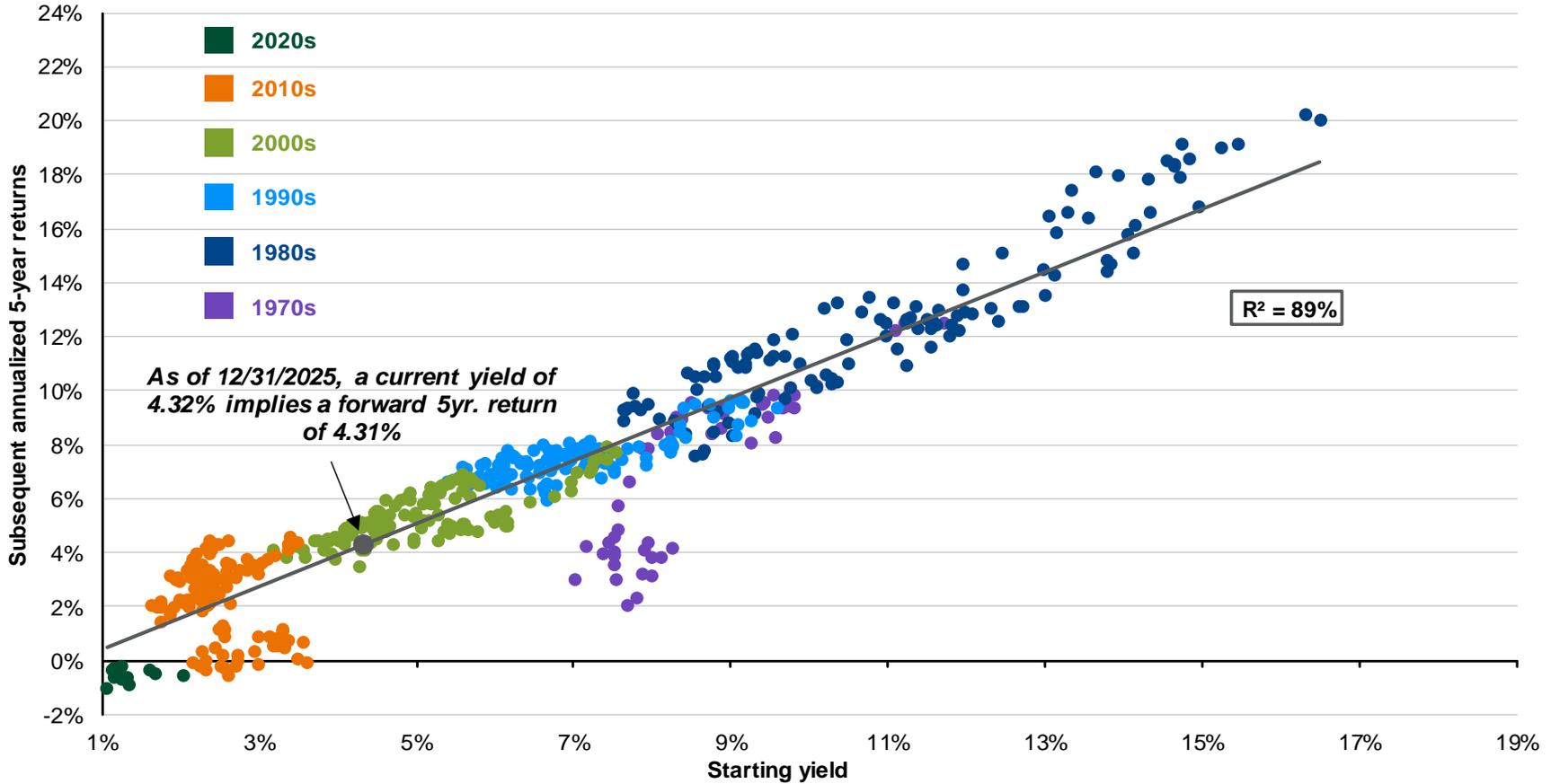


# Fixed income yields and forward returns

Fixed Income

## Yield to worst and subsequent 5-year annualized returns

Bloomberg U.S. Aggregate Total Return Index



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.  
 Returns are 60-month annualized total returns, measured monthly, beginning 1/31/1976. R<sup>2</sup> represents the percent of total variation in total returns that can be explained by yields at the start of each period. Past performance is no guarantee of future results.  
 Guide to the Markets – U.S. Data are as of December 31, 2025.

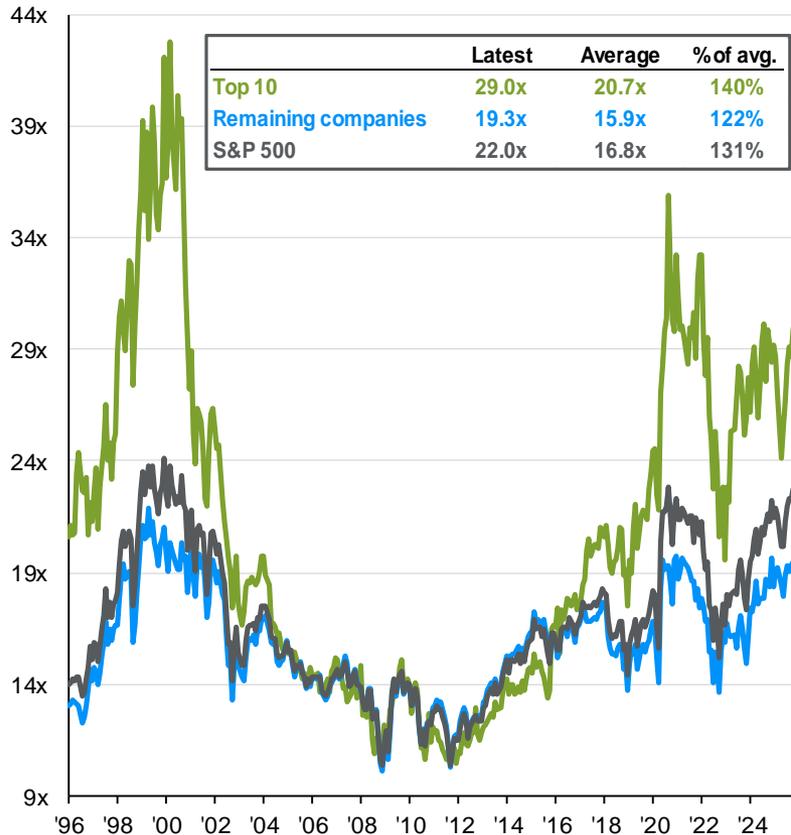


# S&P 500: Index concentration

Equities

## P/E of top 10 and remaining companies in S&P 500

Next 12 months



## Weight of the top 10 companies in the S&P 500

% of market capitalization, % of last 12 months' earnings



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
 Forward P/E ratio is the most recent price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1996 and FactSet since January 2022. The remaining stocks represent the rest of the 490 companies in the S&P 500, and their P/E ratio is calculated by backing out the nominal earnings and market cap of the top 10 from that of the S&P 500.  
 Guide to the Markets – U.S. Data are as of December 31, 2025.

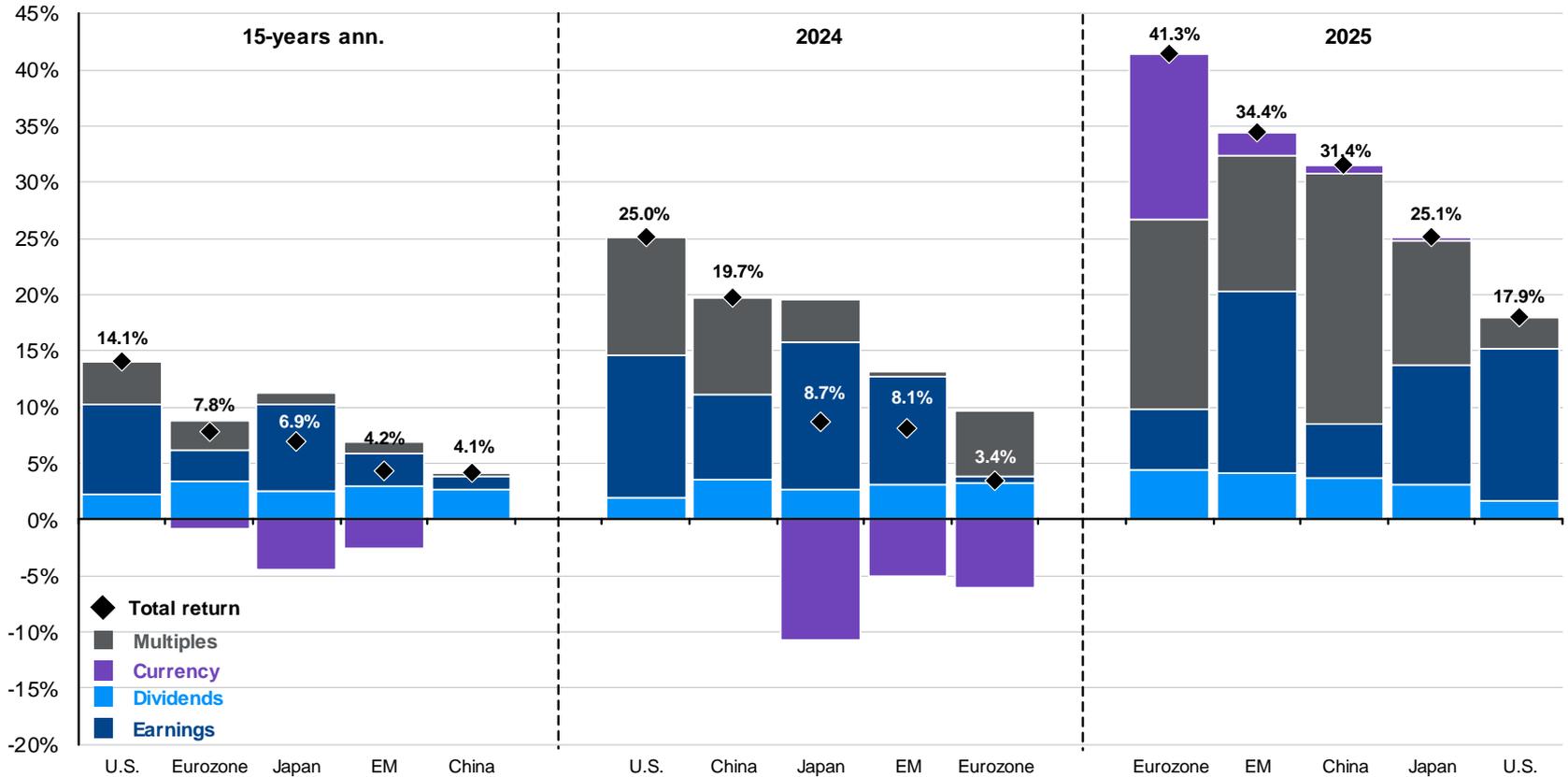


# Global equity return composition

International

## Sources of global equity returns\*

Total return, USD



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

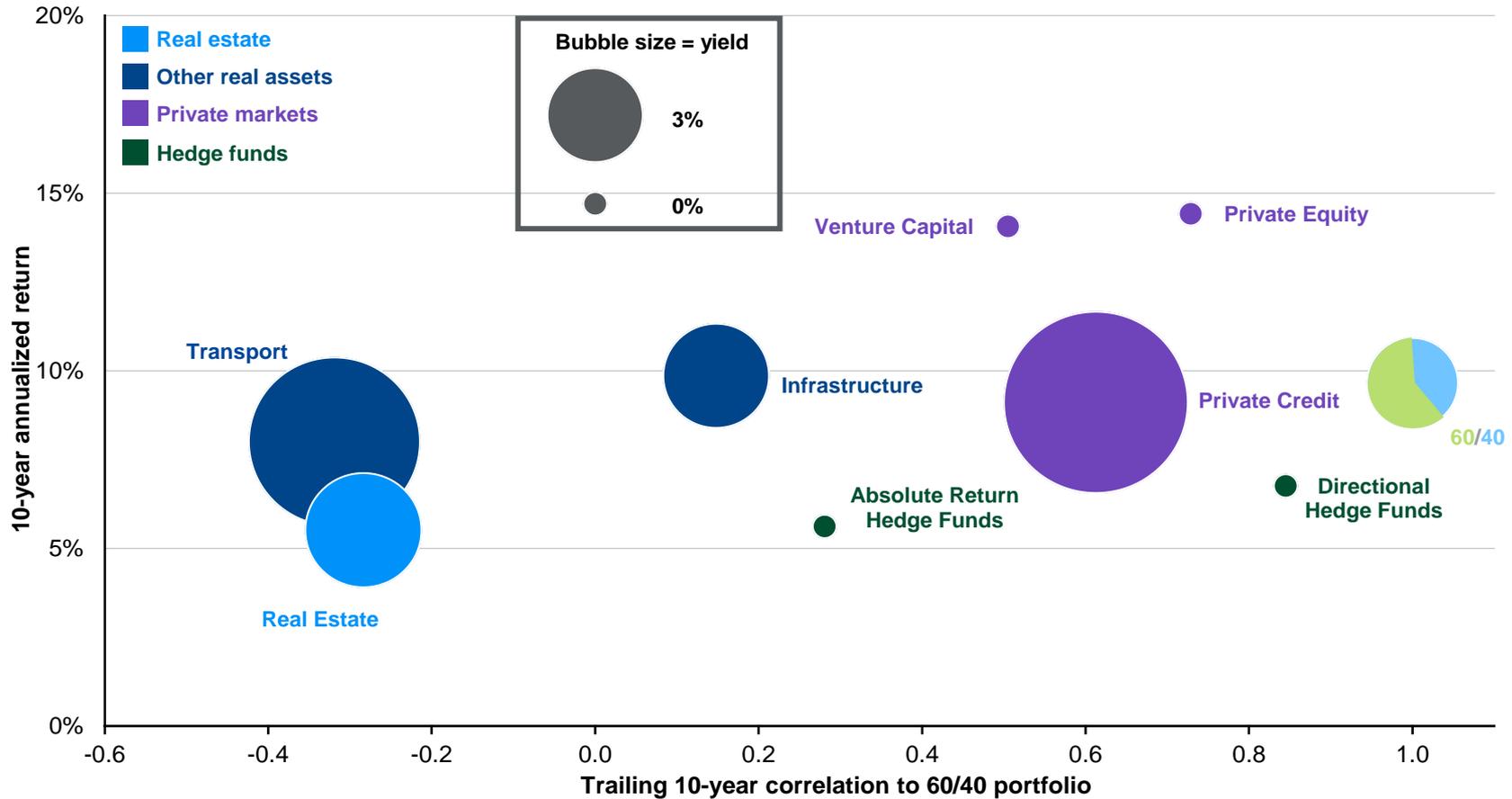
15-years ann. is a rolling 15-year period ending with the previous month-end. All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. \*Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on next 12 months earnings estimates. Chart is for illustrative purposes only. Past performance is no guarantee of future results. Guide to the Markets – U.S. Data are as of December 31, 2025.



# Alternatives: Correlations, returns and yields

## Correlations, returns and yields

10-year correlations and 10-year annualized total returns, 3Q15 - 2Q25



Alternatives

Source: Burgiss, Cliffwater, FactSet, MSCI, PivotalPath, J.P. Morgan Asset Management.

All categories are global, except for private credit, which is U.S. Correlations are based on quarterly returns over the time period indicated. A 60/40 portfolio is comprised of 60% stocks and 40% bonds. Stocks are represented by the S&P 500 Total Return Index. Bonds are represented by the Bloomberg U.S. Aggregate Total Return Index. 10-year annualized returns are calculated based on the time period indicated. "Absolute Return Hedge Funds" represent asset-weighted returns from the PivotalPath Global Macro and Relative Value indices. "Directional Hedge Funds" represent asset-weighted returns from the PivotalPath Credit, Equity Diversified and Event Driven indices. Private credit represents direct lending returns and yields from the Cliffwater Direct Lending Index. All other indices and data used for alternative asset class returns and yields are as described on pages 12 and 16 of the *Guide to Alternatives* based on latest data available. Transportation returns are shown on an unlevered basis and returns can be enhanced by adding leverage. Past performance is no guarantee of future results.

This slide comes from our *Guide to Alternatives*. *Guide to the Markets* - U.S. Data are as of December 31, 2025.



# J.P. Morgan Asset Management – Index definitions

GTM

U.S.

69

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

## Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index**® measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index**® measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index**® measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index**® measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index**® measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index**® measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index**® measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index**® measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index**® measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index**® measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

## Fixed income:

The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Municipal Index**: consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB-/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index (EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.



# J.P. Morgan Asset Management – Definitions

GTM

U.S.

70

## *Other asset classes:*

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex-U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index -Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

## *Definitions:*

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

**Bonds** are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

**Derivatives** may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

**Distressed Restructuring Strategies** employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity securities** may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

**Equity market neutral strategies** employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

**Global macro strategies** trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

**International investing** involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

**Merger arbitrage strategies** which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

**Mid-capitalization investing** typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

**Price to forward earnings** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

**Real estate investments** may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

**Relative Value Strategies** maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

**Small-capitalization investing** typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.



# J.P. Morgan Asset Management – Risks & disclosures

GTM

U.S.

71

**The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.**

For the purposes of MiFID II, the JPM Market Insights and Portfolio Insights programs are marketing communications and are not in scope for any MiFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programs, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own financial professional, if any investment mentioned herein is believed to be appropriate to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>.

This communication is issued by the following entities:

In the United States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients' use only, by local J.P. Morgan entities, as the case may be. In Canada, for institutional clients' use only, by JPMorgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. In the United Kingdom, by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions, by JPMorgan Asset Management (Europe) S.à.r.l. In Asia Pacific ("APAC"), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited; JPMorgan Asset Management (Japan) Limited, which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Australia, to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919). For all other markets in APAC, to intended recipients only.

**For U.S. only:** If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

Copyright 2026 JPMorgan Chase & Co. All rights reserved

Prepared by: David P. Kelly, Jordan K. Jackson, John C. Manley, Meera Pandit, Gabriela D. Santos, Aaron Mulvihill, Stephanie Aliaga, Sahil Gauba, Brandon Hall, Katie Korngiebel and Grant Papa.

Unless otherwise stated, all data are as of December 31, 2025 or most recently available.

**Guide to the Markets – U.S.**

JP-LITTLEBOOK | 8a2b6630-d906-11e6-8516-005056960c63

**J.P.Morgan**  
ASSET MANAGEMENT