



We invest in your
happiness.

Q3 2026 Market & Economic Update

- Q3 2026 Market Summary
- Review:
 - Economy
 - Equities
 - Fixed Income
- Mid-Term Election
- Portfolio Positioning

Q3 Market Review

S&P 500

Index level, trailing 12 months



Source: S&P Dow Jones Indices via FRED, Aptus. Data as of 9/30/2026.

Total Return (%)	Sept '26	QTD	YTD	1-YR	3-YR	5-YR	10-YR
S&P 500	-0.35%	2.30%	12.73%	15.72%	22.86%	13.77%	15.32%
NASDAQ	3.30%	0.58%	21.00%	24.00%	28.31%	16.56%	21.16%
Dow Jones Industrial Average	-4.12%	-2.34%	7.19%	11.50%	17.01%	10.58%	13.10%
S&P 500 Average Stock	-4.83%	-1.87%	9.88%	11.40%	15.50%	8.57%	11.44%
MSCI EAFE	-3.00%	0.91%	10.91%	16.36%	19.12%	10.02%	9.76%
MSCI EM	-0.65%	-0.40%	23.52%	29.44%	24.59%	9.38%	9.50%
U.S. Small Caps	-5.21%	-7.27%	13.65%	16.02%	17.58%	6.21%	9.76%
Aggregate Bond Index	-2.61%	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%
Investment Grade Bonds	-3.29%	-5.10%	-4.36%	-3.90%	4.73%	-1.20%	1.85%
High Yield Bonds	-2.53%	-1.88%	-0.07%	1.40%	7.97%	3.57%	4.64%

Source: Bloomberg. Data as of 09/30/2026. Returns include dividends. Returns over 1-YR are annualized.

+2.30%

S&P 500 QTD return

+0.58%

NASDAQ QTD return

31.7%

'26 S&P 500 earnings growth

Earnings Strength = Positive Equity Outlook

Higher rates & higher volatility

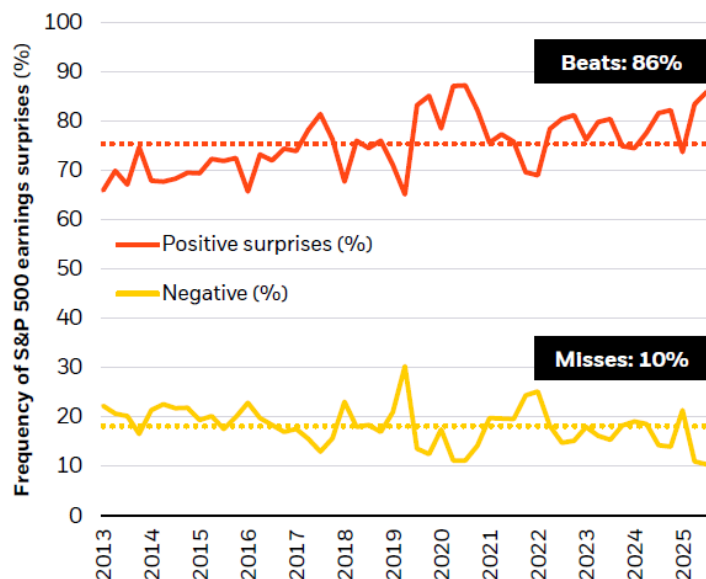
Constructive, but not calm

Earnings driving the rally

Q2 cleared an already-high bar, with near-record beats, stronger-than-usual guidance, and AI at the center of the earnings story. Importantly, strength broadened across sectors while valuations compressed.

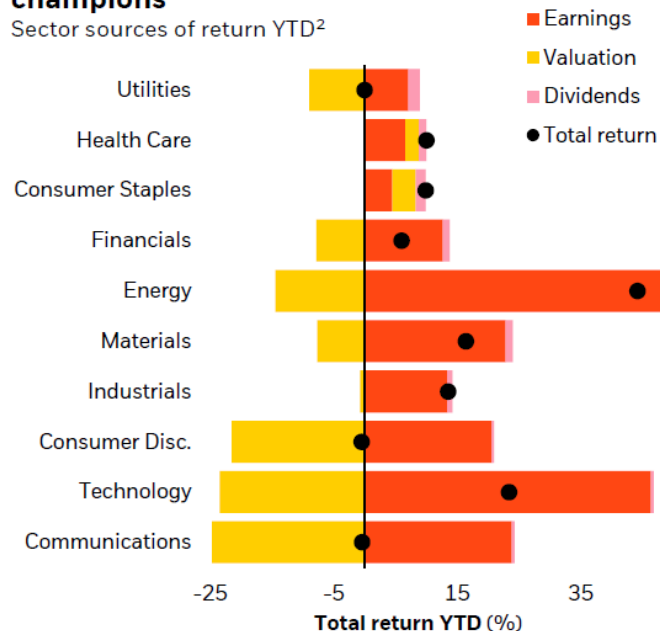
Companies beat earnings estimates at near-record rates

Positive & negative earnings surprises vs. history¹



Energy, materials and tech are YTD earnings champions

Sector sources of return YTD²

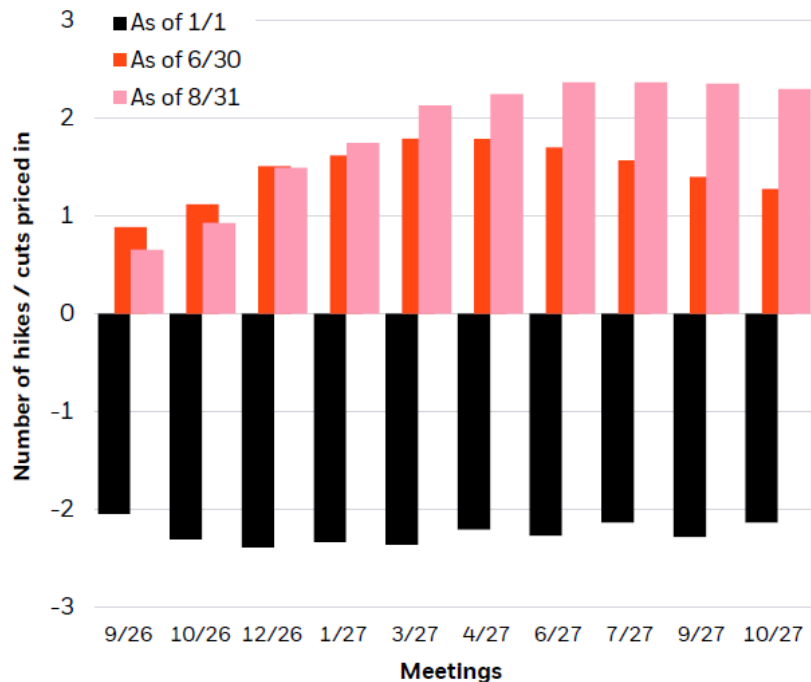


1: Source: Bloomberg. As of 8/31/2026. Surprises as determined by Bloomberg, dotted lines represent historical averages (from Q4 2013 to 8/31/2026). 'Near record' as defined by 86% beat rate, trailing only the 87.1% and 87.2% beat rates in Q1 and Q2 of 2021 across our available dataset. 2: Bloomberg, guidance as represented by positive EPS revisions as a % of total, as determined by Bloomberg across the S&P 500 Index. As of 8/26/2026.

Less guidance = more repricing

Market pricing for the Fed has swung dramatically

Implied Federal Reserve policy forecasts¹



Warsh introduced five new task forces at his first press conference

Federal Reserve task forces and corresponding objectives²

Communications



Evaluate how the Federal Reserve **communicates policy discussions and decisions** during periods of elevated uncertainty.

Balance Sheet Policy



Assess the **risks and benefits of the ample-reserves framework**, the Fed's **balance sheet**, and possible **alternative operating models**.

Data Sources



Strengthen the **quality and timeliness of economic data** used to support the Federal Reserve's policy decisions.

Productivity and Jobs



Evaluate how **emerging technologies**, including **artificial intelligence**, affect **productivity, employment**, and the Federal Reserve's **policy outlook**.

Inflation Frameworks



Reassess how the Federal Reserve **identifies, interprets, and responds to the underlying drivers of inflation**.

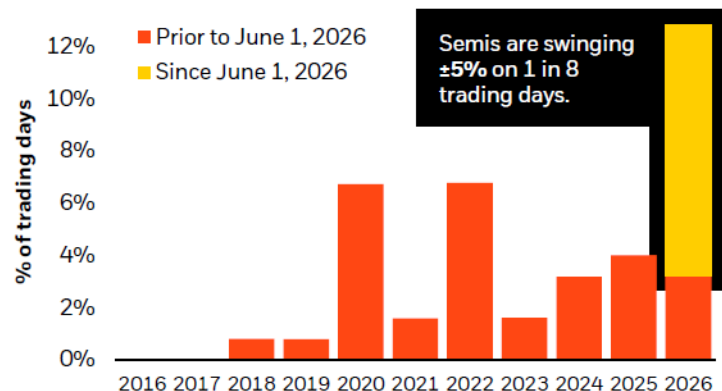
1: Bloomberg, as of 8/31/2026. Implied forecasts as represented by Fed Funds Futures, may not come to pass. 2: United States Federal Reserve, as of 6/17/2026.

Constructive, but not calm

Semiconductors are pairing exceptional returns (+63.42% YTD¹) with more frequent outsized moves, while midterms and the Middle East add separate sources of event risk. We remain constructive, but pullbacks are likely to be a part of the path.

Semiconductors: record performance, vol

Share of trading days moving more than $\pm 5\%$ – by year²

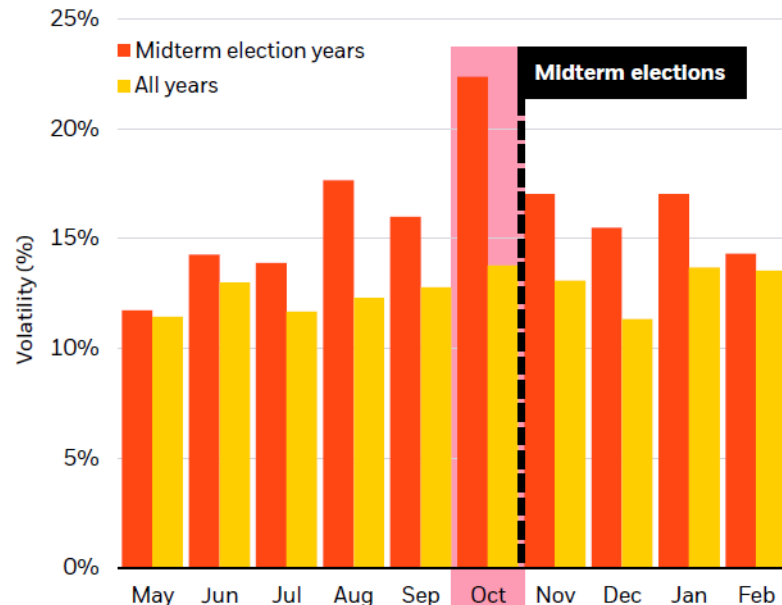


Did you know?

Geopolitical risk remains a live source of volatility. Despite ongoing negotiations, vessel crossings through Hormuz averaged just six per day in August – **roughly 95% below pre-war levels.**⁴

Volatility rises ahead of midterm elections

Median S&P 500 realized volatility by month, since 1974³

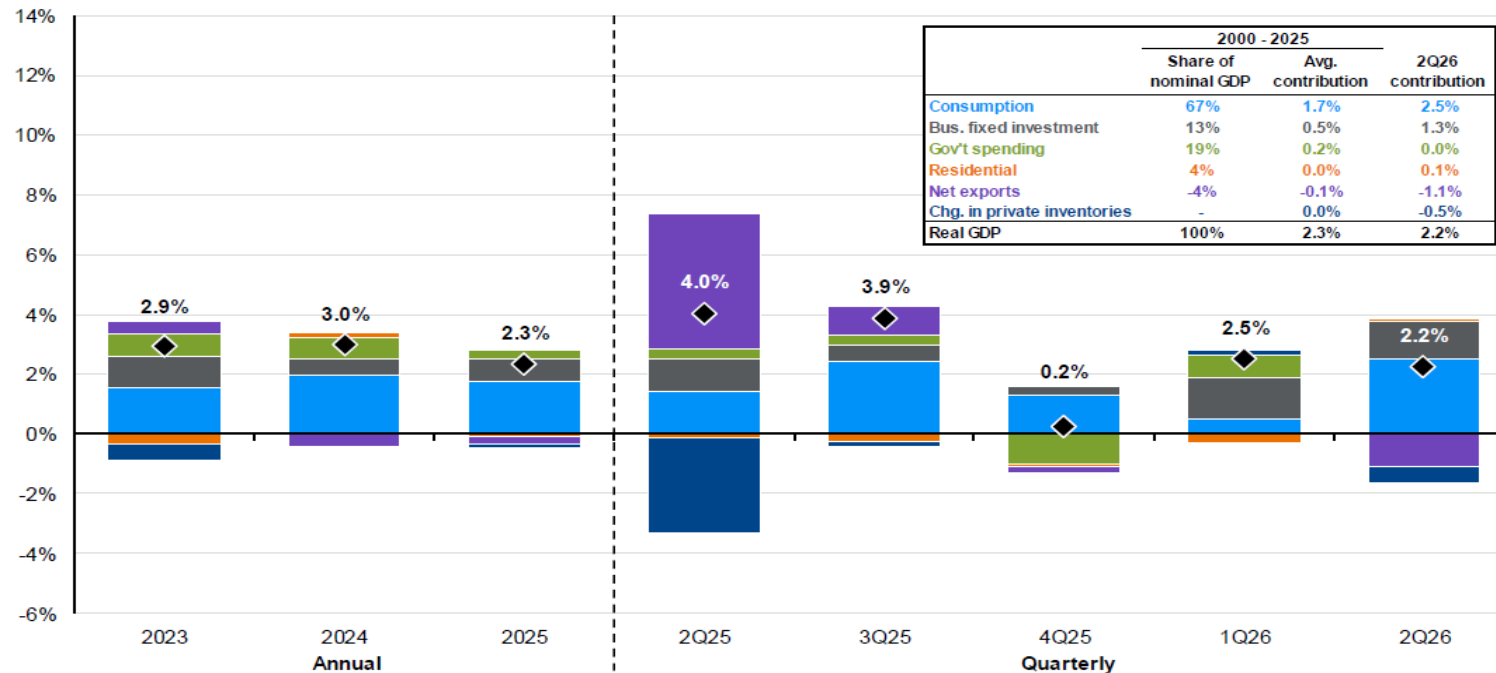


1: Bloomberg as of 8/31/2026. Semiconductors represented by the Philadelphia Stock Exchange Semiconductor Index. Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. 2: Bloomberg, semiconductors represented by the Philadelphia Stock Exchange Semiconductor Index, as of 8/13/2026. Chart represents percentage of trading days where the index moved more than 5%, both positively and negatively, broken down by year, for the past 10 years. 3: Bloomberg, realized volatility as calculated by the annualized standard deviation of daily returns (bars show median monthly realized volatility across all years and completed midterm election cycles). S&P 500 Index. Data from 1/1/1974 – 8/31/2026. 4: Bloomberg, as of 8/31/2026. Pre-war levels as represented by daily traffic in January and February of 2026.

Components of GDP Growth

Contributors to real GDP growth

Seasonally adjusted annualized rate

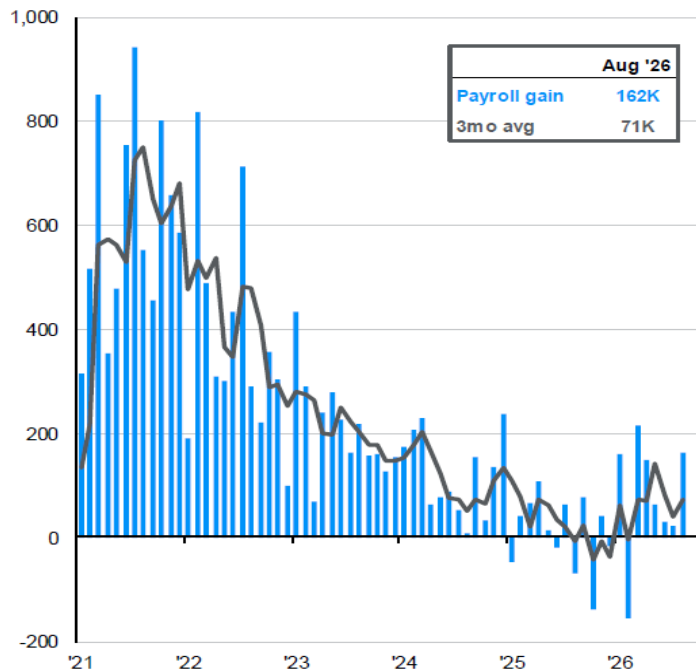


Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of September 30, 2026.

Labor Market Dynamics

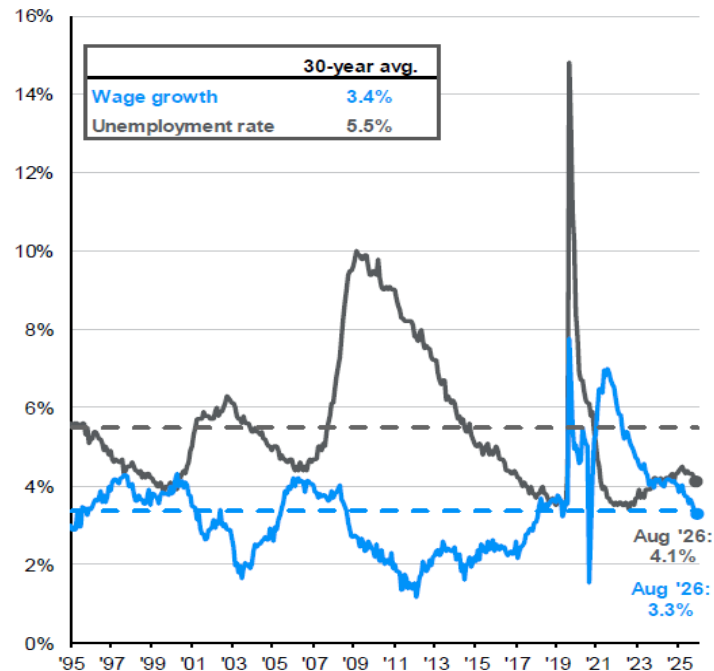
Nonfarm payroll gains

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, %

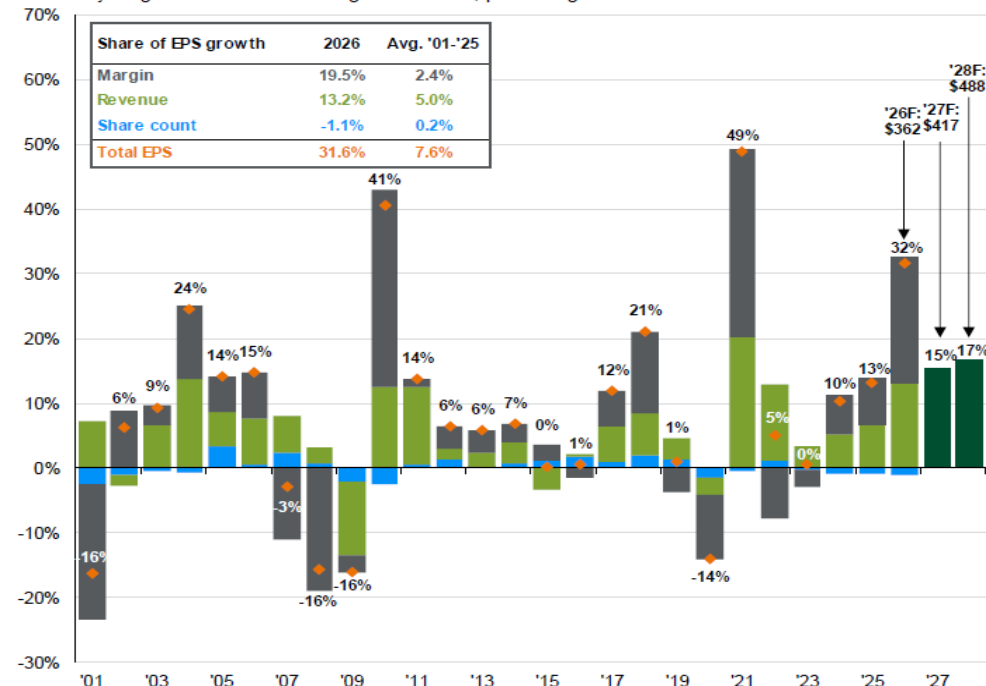


Source: BLS, FactSet, J.P. Morgan Asset Management.
Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.

Sources of earnings growth and profit margins

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



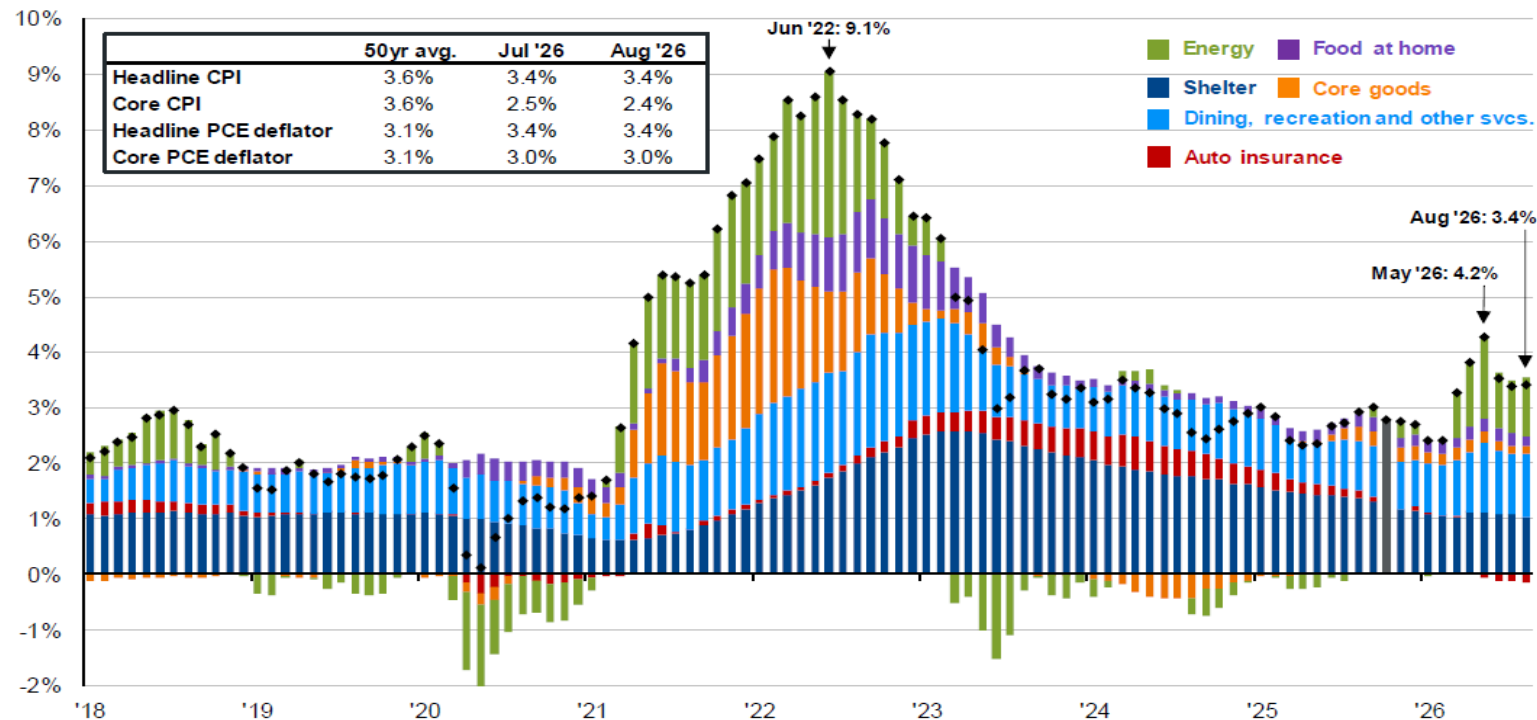
Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Historical EPS values are based on annual earnings per share. Forecasts for 2026, 2027 and 2028 reflect consensus analyst expectations, provided by FactSet. Past performance is no guarantee of future results.

Inflation Components

Contributors to headline CPI inflation

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



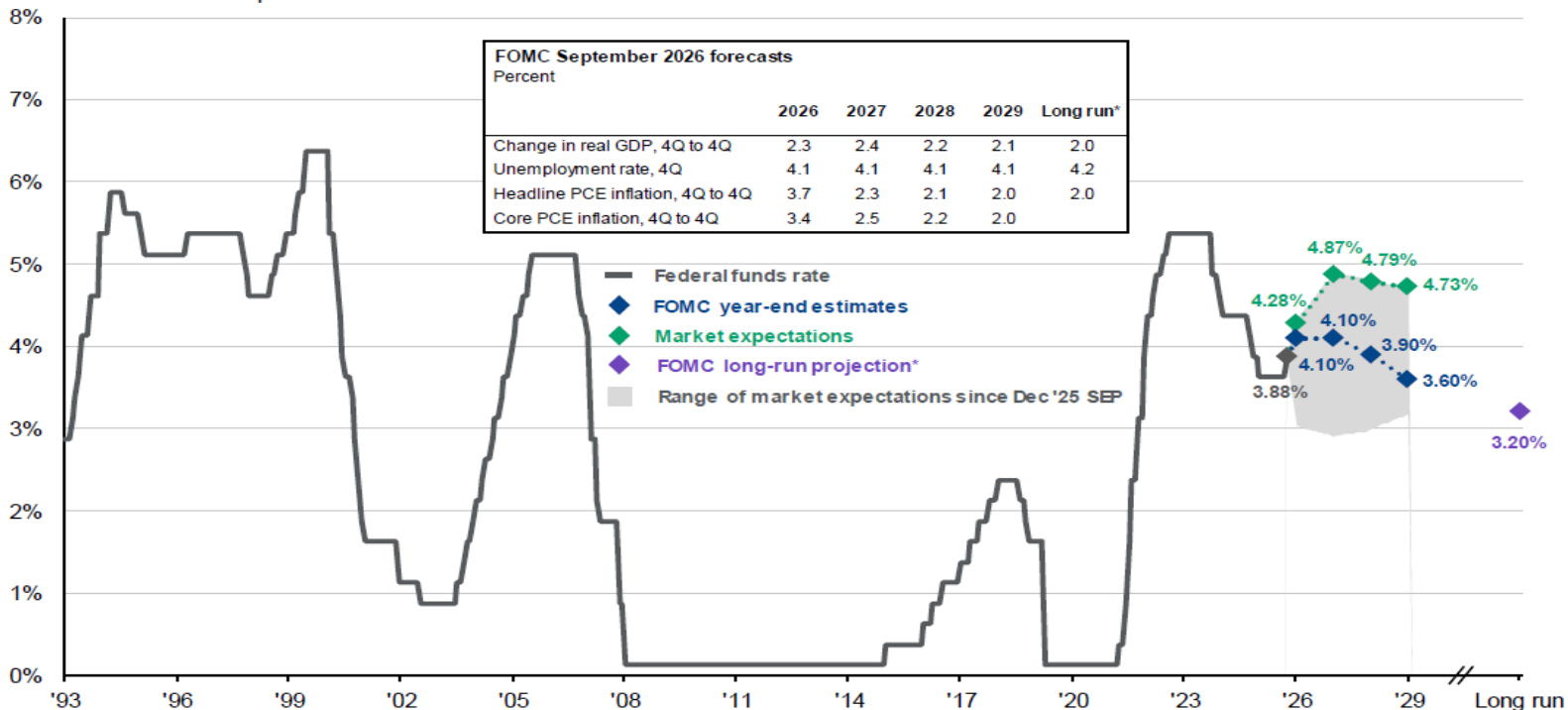
Source: BLS, FactSet, J.P. Morgan Asset Management.

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 tenants' and household insurance. "Food at home" includes alcoholic beverages. "Other services" includes services not shown separately elsewhere in the chart, including health care services, education and communication and other personal services. 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.

The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

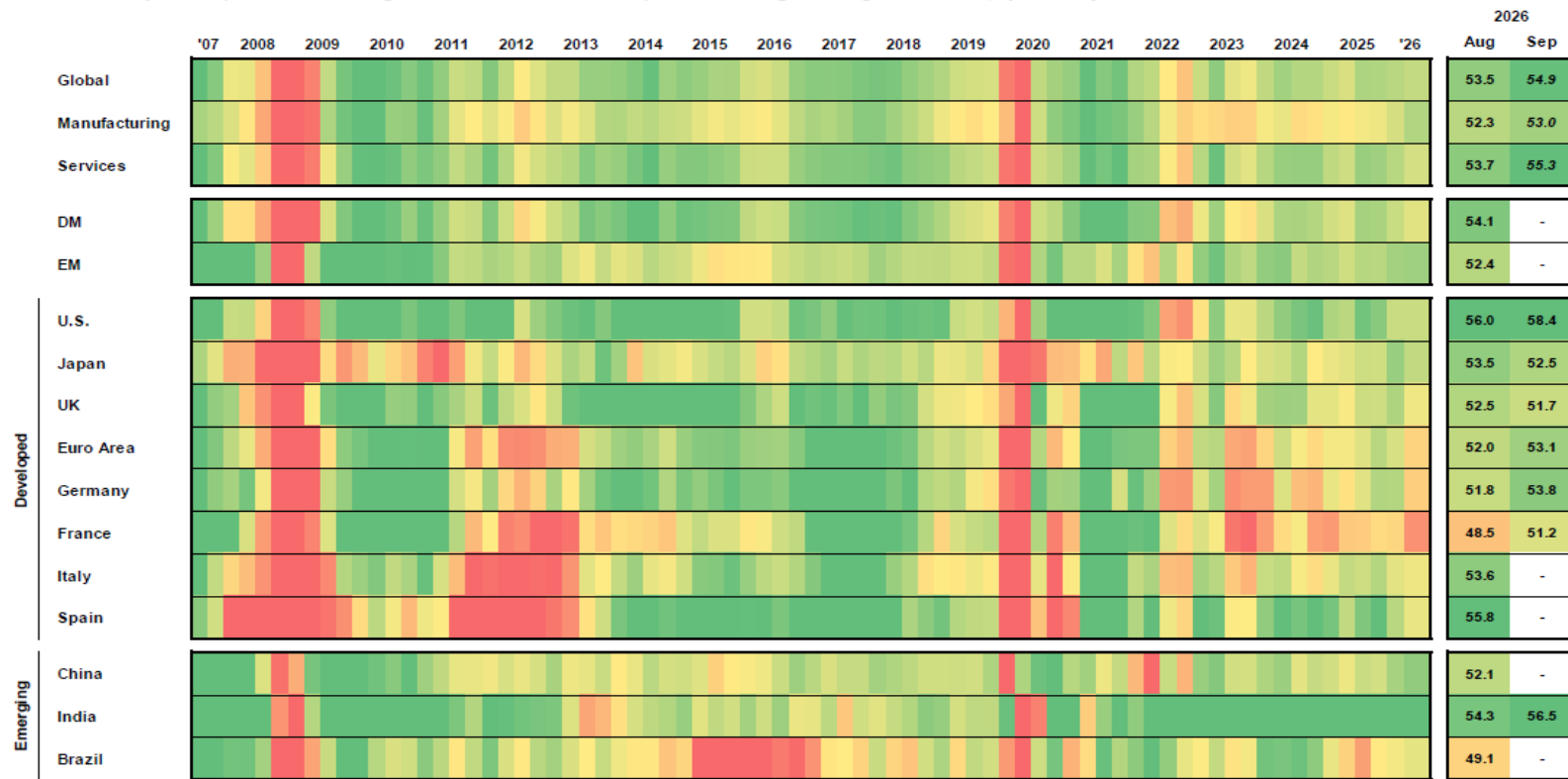


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which policymakers expect 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 and are for illustrative purposes only.

Global economic activity momentum

Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly

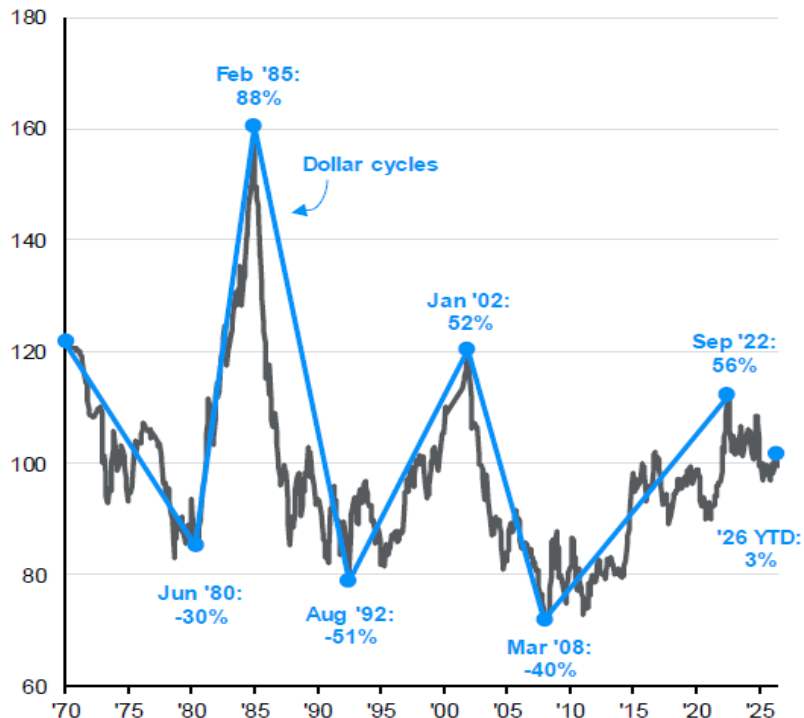


Source: J.P. Morgan Economic Research, Standard & Poor's, J.P. Morgan Asset Management.
 Any italicized figures represent estimates by J.P. Morgan Asset Management. The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the period shown. Heatmap is based on quarterly averages, except for the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in for 2007 to 2009. Data for Japan are back-tested and filled in for the first two quarters of 2007. DM and EM represent developed markets and emerging markets, respectively.

Dollar drivers

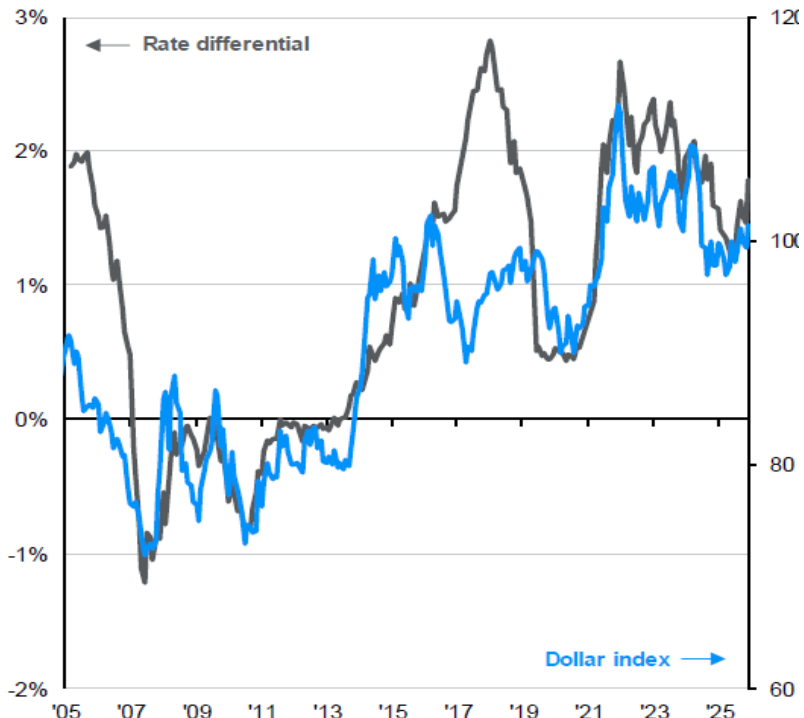
The U.S. dollar

DXY Index, level



Developed market interest rate differentials and the dollar

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

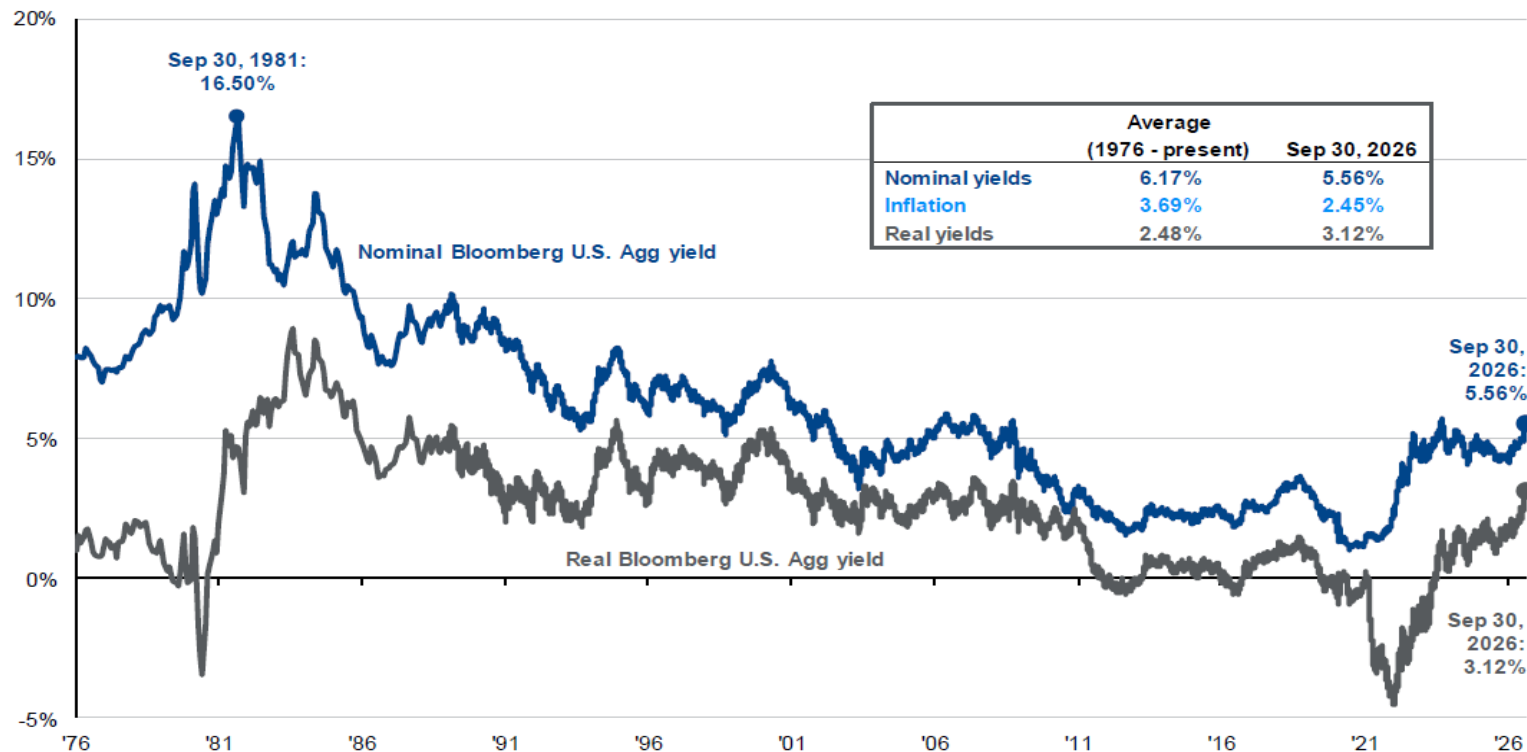


Source: BIS, Bloomberg, FactSet, ICE, J.P. Morgan Asset Management.

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.

Bond yields and inflation

Nominal and real Bloomberg U.S. Aggregate yields



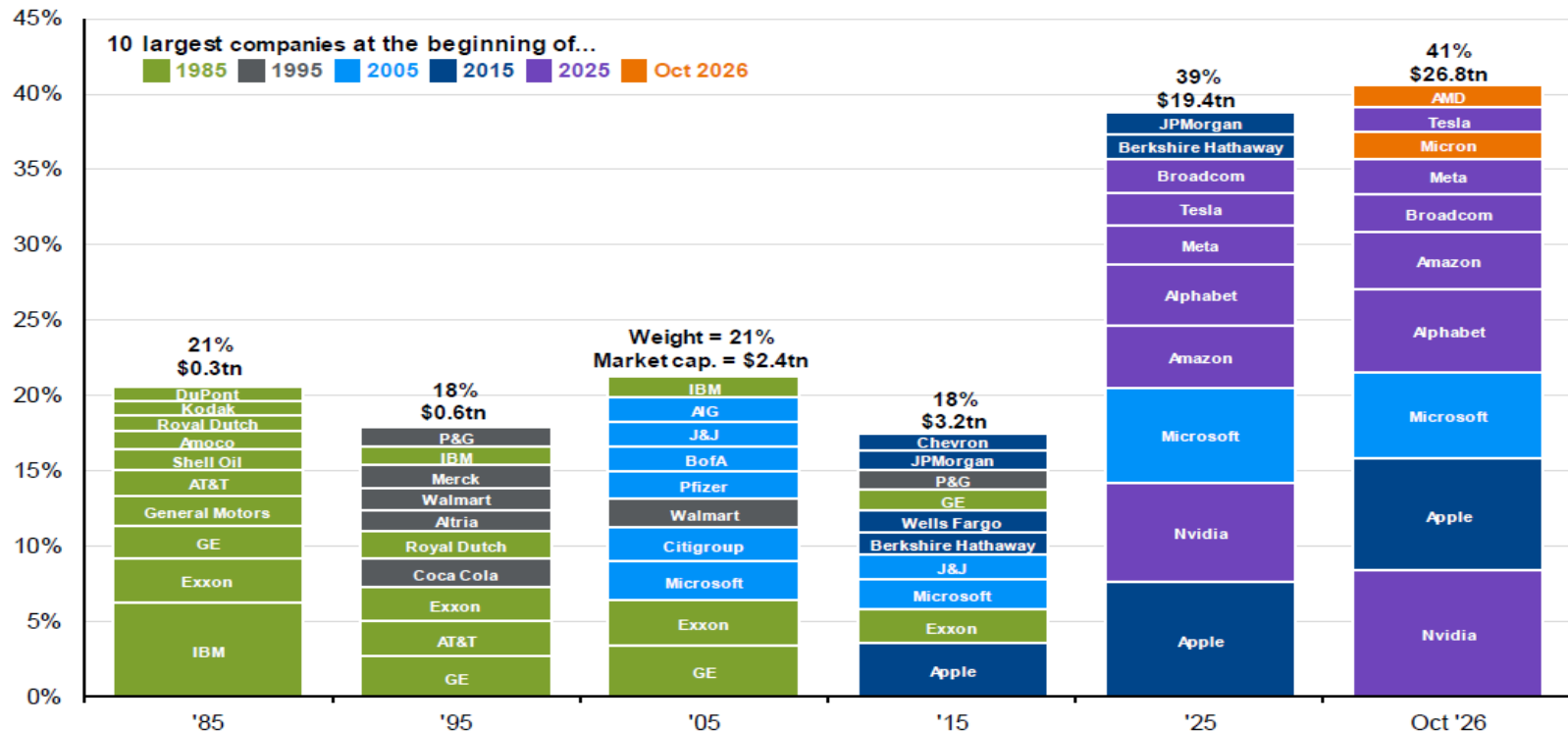
Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Represents monthly data from 1976 to 1988; daily data thereafter. Averages are based on monthly data. Real Bloomberg U.S. Aggregate yields are calculated as the daily Aggregate yield less y/y core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data are available.

Top 10 companies by decade

Top 10 companies in the S&P 500

Index weight on the first day of the indicated year and month for current year



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

Three Companies vs. 45 Years of Tech IPOs

Combined valuation vs. the first-day market value of every U.S. tech IPO since 1980



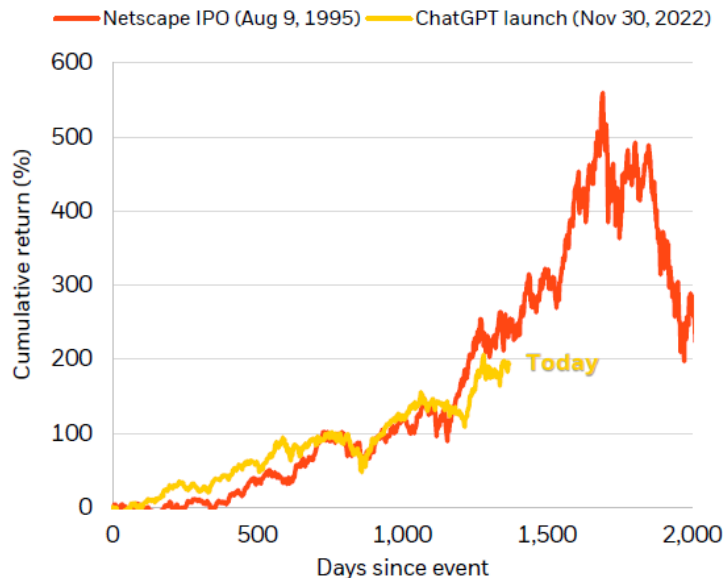
Source: Jay Ritter, University of Florida (U.S. tech IPOs 1980–2025, first-day market value, nominal dollars), via 24/7 Wall St.; Bloomberg; Reuters. SpaceX is its roughly \$2 trillion valuation at its June 2026 Nasdaq debut. Anthropic is its reported IPO valuation target. OpenAI is the valuation discussed in private funding talks. Figures as of September 2026.

AI boom remains below dot-com extremes

The AI-driven rally has been far more measured than the dot-com bubble, with both cumulative returns and technology valuations well below 2000 extremes.

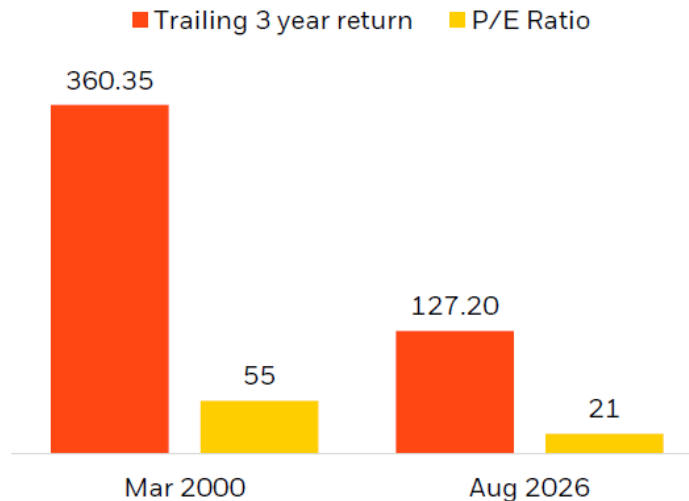
AI rise is well below dot-com bubble peak

S&P 500 info tech sector: cumulative return¹



Tech valuations are less than half of peak dot-com bubble

S&P 500 info tech sector: trailing 3-year performance (%) and 12m forward P/E²



Source: 1: Bloomberg, BlackRock as of 8/31/2026. S&P 500 info tech sector represented by the S&P 500 Information Technology Sector GICS Level 1 Index. 2: Bloomberg, BlackRock as of 8/31/2026. Tech represented by the S&P 500 information technology sector index. Trailing 3 year returns shown from 3/31/1997 – 3/31/2000 and 8/31/2023 – 8/31/2026, respectively. P/E Ratio as measured by the 12-month forward P/E ratio. **Past performance does not guarantee or indicate future results.** Forward looking estimates may not come to pass. Index performance is for illustrative purposes only. You cannot invest directly in the index.

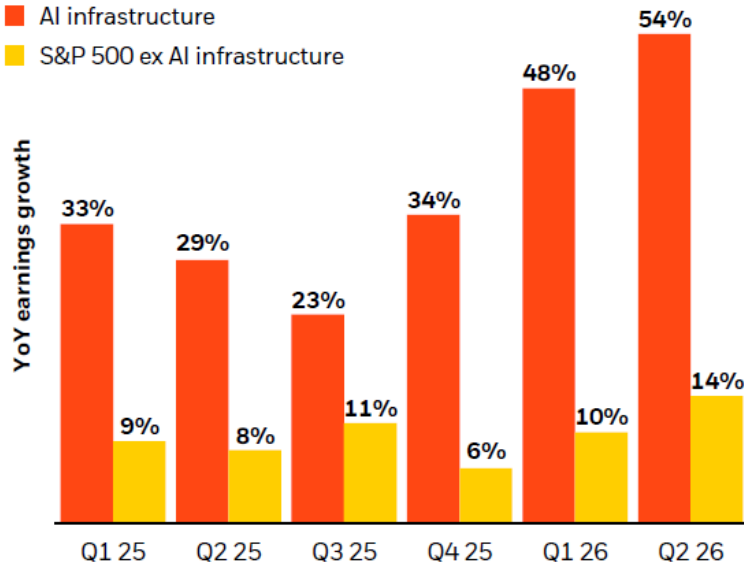
AI remains the engine

AI infrastructure earnings continued to outpace the rest of the market while enterprise spending accelerated, keeping AI at the center of our U.S. equity view. We pair that upside with dividends and quality for ballast.

AI infrastructure companies have grown earnings at an accelerated rate

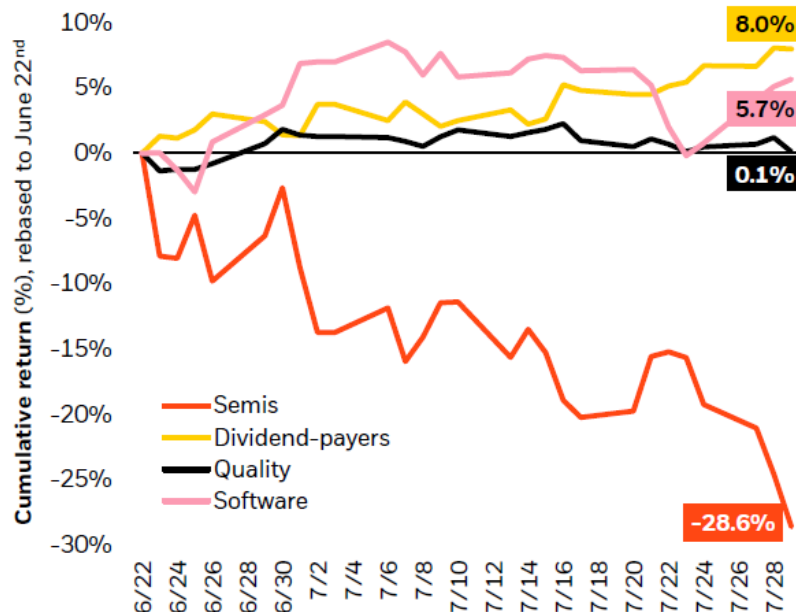
YoY earnings growth¹

- AI infrastructure
- S&P 500 ex AI infrastructure



Ballast amid the semiconductor selloff

Cumulative return (%), rebased to June 22nd

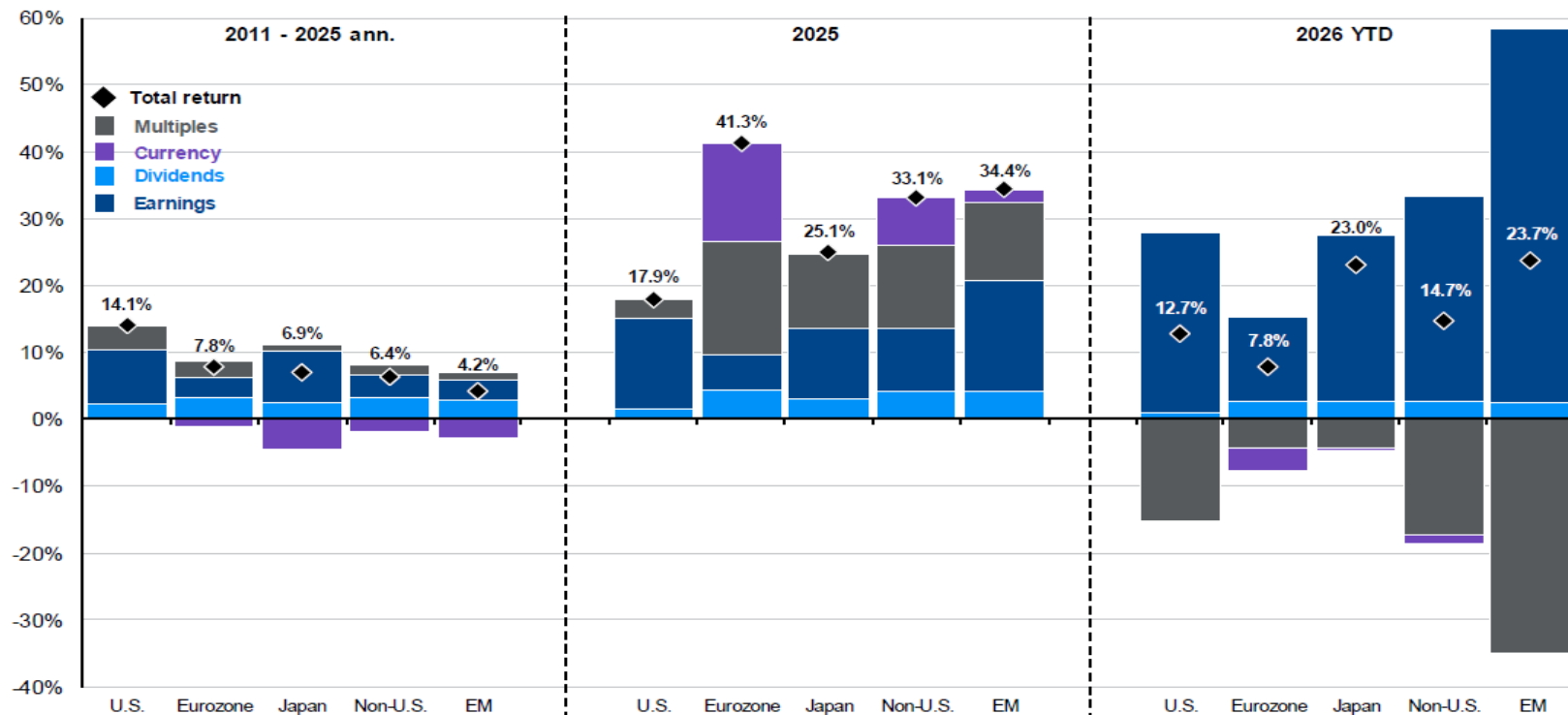


Source: 1. FactSet, Goldman Sachs Global Investment Research, as of Aug. 14, 2026. AI infrastructure groupings determined by GSIR. S&P 500 ex AI infrastructure determined by S&P 500 Index earnings growth, ex Energy GICS Level I earnings growth. 2. Source: Bloomberg, as of Aug. 13, 2026. June 22–July 29, 2026. The four lines represent: Semis (Philadelphia Stock Exchange Semiconductor Index, SOX Index), Dividend-payers (Morningstar Dividend Yield Focus Price Return Index, MDYFT Index), Quality (MSCI USA SECTOR NEUTRAL QUALITY USD Gross Total Return Index, M2USSNQ Index), and Software (S&P North American Expanded Technology Software Index (USD) TR (Custom), SPNASEUT Index). Index names and descriptions are the property of their respective providers (Nasdaq/PHLX, Morningstar, MSCI and S&P Dow Jones Indices). "Semis", "Dividend-payers", "Quality" and "Software" are short-hand labels used in this exhibit for readability only; they are not the official index names and are not endorsed by the index providers. Index performance is for illustrative purposes only. Index performance does not reflect any management fees or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Global equity return composition

Sources of global equity returns*

Total return, USD



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

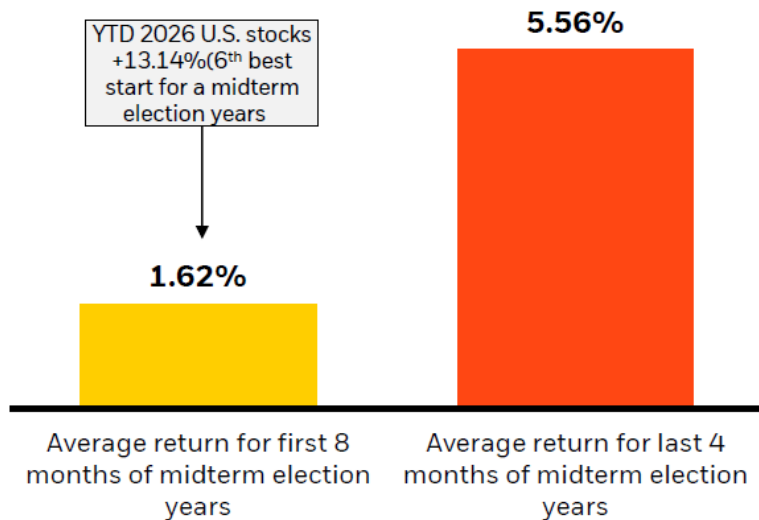
All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. Non-U.S. is MSCI AC World ex USA Index. *Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on next 12 months earnings estimates. Chart is for illustrative purposes only. Past performance is no guarantee of future results.

6th best start to midterm election year

Strong momentum in a midterm election year has often historically carried into the rest of the year.

Average starts to midterm election years vs. YTD 2026

Return for given election years since 1926



10 best starts to a midterm election year since 1926

First 8 months of an election year since 1926, % return

Year	Return over first 8 months	Return over following 4 months
1954	24.47	22.62
1958	22.70	16.84
1986	22.53	-3.15
1938	18.32	10.82
1950	15.26	14.28
2026	13.14	?
1978	12.45	-5.23
2018	9.94	-13.03
2014	9.89	3.46
1926	6.22	5.08
Average	15.49	5.74

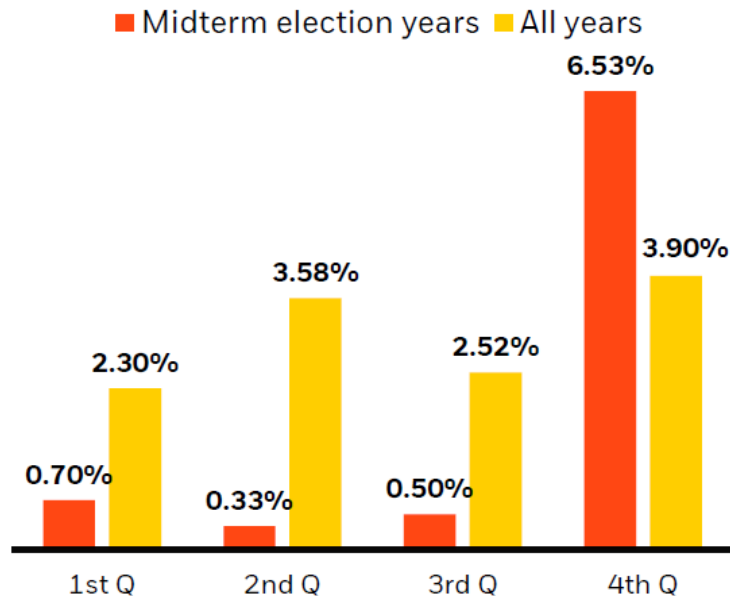
Source: Morningstar as of 8/31/26. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 8/31/26 and the IASBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.

U.S. stocks in a midterm election year

The first 3 quarters of midterm election years tend to be sluggish, followed by a strong 4th quarter when elections take place.

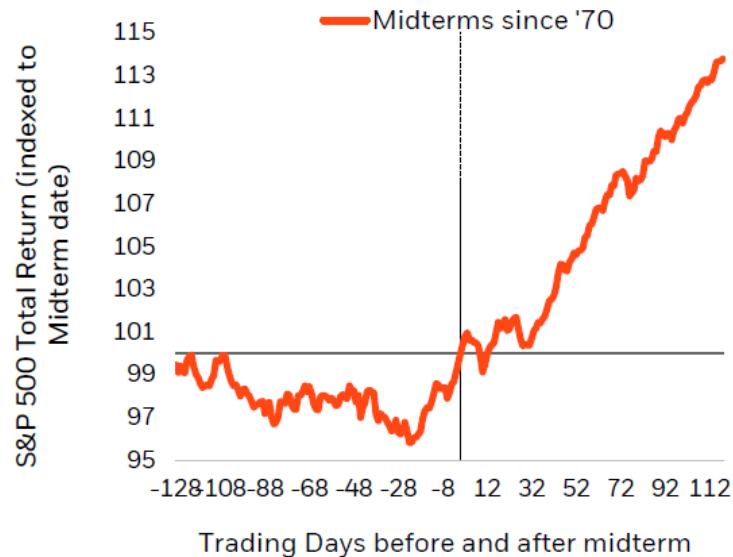
Midterm election years by quarter

(1/1/1926 – 6/30/2026)



Midterm election years do better after the election

(1970 – 2022)



Bloomberg, Morningstar as of 6/30/2026. Stock market represented by the S&P 500 Index from 1/1/1970 to 6/30/2026 and IASBBI U.S. large cap stocks index from 1/1/1926 to 1/1/1970. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Three themes and how we're positioning

WHAT WE'RE SEEING

1 Earnings drive the rally

86% of companies beat estimates, margins are at records, and AI earnings growth is accelerating.

2 Higher rates, higher volatility

Inflation is sticky, the Fed outlook keeps repricing, and swings are larger.

3 Midterm year: bumpy, not broken

Q4 has historically been the strongest quarter, and drawdowns have been followed by recoveries.

HOW WE'RE POSITIONED

Favor equity over fixed income

Earnings growth is the return engine.

Emphasize quality and dividends

Ballast in a volatile market.

Within equity

Overweight U.S.

Underweight Dev. Intl.

Equal weight EM

U.S. growth is outpacing the world.

Sources: Bloomberg, FactSet, J.P. Morgan Asset Management; see prior slides. Positioning as of 10/5/2026; subject to change.

Disclosure

- This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the Funds or any stock in particular, nor should it be construed as a recommendation to purchase or sell a security, including futures contracts.
- There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.
- Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.
- Fee-based advisory services are offered through Diversified, LLC, a registered investment advisor.