Global Equity Strategy

2026 Global Equity Outlook

We are positive on global equities expecting double-digit gains across DM and EM supported by robust earnings growth, lower rates, and declining policy headwinds. The U.S. is set to remain the world's growth engine, driven by a resilient economy and an AI-driven supercycle that is fueling record capex and rapid earnings expansion. Both corporates and governments across the world are racing to invest in AI in search of productivity gains and out of fear of becoming obsolete ("FOBO"). The AI sector's momentum is spreading geographically and across a diverse list of industries, from Technology and Utilities to Banks, Health Care and Logistics, and in the process creating winners and losers. The challenge—this disruption is unfolding within an already unhealthy K-shaped economy, with AI expected to amplify this polarization even further. The AI "Wall of Worry" is likely to persist for years to come. In such an environment, broad sentiment measures remain prone to sharp swings, as we have seen this year and most recently, even though underlying trends remain intact and fundamentals solid.

- **U.S. —** We are constructive on the S&P 500's outlook both in terms of price target (7,500 by YE26) and above-trend earnings growth of 13-15% for at least the next two years (2026 and 2027 EPS of $315 and $355 vs. consensus of $309 and $352, respectively). This outlook is anchored on our JPM Economics view of two more cuts followed by an extended pause. However, should the Fed ease policy further (due to improving inflation dynamics), we see greater upside with the S&P 500 surpassing 8,000 in 2026. Despite AI bubble and valuation concerns, we see current elevated multiples correctly anticipating above-trend earnings growth, an AI capex boom, rising shareholder payouts, and easier fiscal policy (i.e. OBBBA). More so, the earnings benefit tied to deregulation and broadening AI-related productivity gains remain underappreciated.
- **Eurozone —** Eurozone activity momentum is likely to improve, aided by better credit impulse and the rollout of fiscal stimulus. Earnings are expected to grow by 13%+ next year, supported by stronger operating leverage, reduced tariff headwinds, easier comps, and better financing conditions. While investor skepticism persists, this is a good starting point, one of cautious expectations and relatively low valuations, with scope for upside surprises. Within the region, a rotation out of periphery (Italy, Spain) and into core markets (particularly France) is favored.
- **Japan —** Sanaenomics (Abenomics 2.0) and corporate reforms will likely propel Japanese equities in 2026. Unlocking excess cash will be a new focus that fuels capital investment, wage growth, and shareholder returns, driving ROE above 10%. Sanaenomics is also expected to revive middle-class spending and strategic investments, providing tailwinds for the market. Major risks would be excessive yen depreciation (165 USDJPY a breakeven for real income growth) and a sharp rise in long-term interest rates (2.5-3.0% JGB10Y rate a breakeven for regional banks' capital adequacy).

Global Equity Strategy

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See page 65 for analyst certification and important disclosures.

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- **Emerging Markets —** EM equities are positioned for robust performance in 2026, supported by lower local interest rates, higher earnings growth, attractive valuations, ongoing improvements in corporate governance, healthier fiscal balance sheets, and resilient global growth. **China** could show green shoots of recovery in the private sector after years of slowing; **Korea** remains supported by governance reforms and AI (favor inference and application-oriented exposure over compute and training); and **LatAm** could see strong upside based on outsized monetary policy stimulus and key political shifts.
- **Style Views —** AI should support the continued dominance of Quality Growth and Momentum in the U.S., while investor positioning in Speculative Growth, High Beta, and Low Volatility will remain highly sensitive to monetary policy. Elsewhere, we look for Value to stay preferred over Growth.

Figure 1: 2026 Equity Index Price Targets and EPS Forecasts

		Developed Markets				Emerging Markets						
		US	Eurozone	UK	JP	EM	China	Asia ex-JP	Korea	Taiwan	CEEMEA	LatAm
	Index	S&P 500	MSCI Eurozone	FTSE100	TOPIX	MSCI EM	MSCI China	MSCI AXJ	MSCI Korea	MSCI Taiwan	MSCI EMEA	MSCI LATAM
	2026 Price Target	$7,500	€ 385	£10,300	¥3,750	$1,575	HK$100	$1,025	$1,600	$1,300	$285	$3,300
	% upside	*~12%*	*~15%*	*~8%*	*~14%*	*~17%*	*~19%*	*~17%*	*~31%*	*~14%*	*~16%*	*~26%*
2025	JPM EPS	$275	€ 20.2	£682	¥198	$88	HK$6	$54	$90	$57	$21	$215
2025	Consensus EPS	$272	€ 20.2	£682	¥192	$88	HK$6	$53	$90	$57	$21	$244
2026	JPM EPS	$315	€ 22.8	£736	¥219	$101	HK$7	$61	$123	$68	$24	$262
2026	*YoY Growth*	*~16%*	*~13%*	*~8%*	*~14%*	*~15%*	*~15%*	*~15%*	*~37%*	*~20%*	*~15%*	*~7%*
2026	Consensus EPS	$309	€ 23.3	£761	¥218	$103	HK$7	$63	$123	$68	$24	$258
2026	*YoY Growth*	*~14%*	*~15%*	*~12%*	*~13%*	*~17%*	*~15%*	*~19%*	*~37%*	*~20%*	*~17%*	*~6%*

Source: J.P. Morgan Global Equity Strategy. Note: Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

Figure 2: 2026 Regional Sector Views

Sector Views	U.S.	Europe	Japan	Asia xJP	EM	China	CEEMEA	LatAm
Energy	UW	UW	N	UW	UW	UW	UW	UW
Materials	UW	OW	UW	OW	OW	OW	OW	UW
Industrials	N	OW	OW	N	N	N	OW	N
Consumer Discretionary	N	OW	OW	OW	OW	N	OW	OW
Consumer Staples	N	UW	UW	OW	N	OW	N	UW
Health Care	N	OW	N	UW	UW	N	UW	OW
Financials	N	N	OW	OW	OW	N	OW	OW
Information Technology	OW	N	N	N	N	OW	UW	N
Communication Services	OW	N	N	OW	OW	OW	N	UW
Utilities	OW	UW	OW	UW	UW	UW	UW	OW
Real Estate	UW	N	N	N	OW	N	OW	OW

Source: J.P. Morgan Global Equity Strategy.

Figure 3: 2026 Regional Style Views

Style Views	U.S.	Europe	Japan	Asia xJP
Momentum	OW	UW	OW	N
Value	N	OW	OW	OW
Growth	OW	UW	UW	N
Quality	N	N	OW	OW
Low Vol	OW	UW	OW	OW
Beta (High vs. Low)	UW	OW	N	UW
Size (Small vs. Large)	UW	N	UW	UW

Source: J.P. Morgan Global Quantitative Strategy.

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Figure 4: Equity Themes for 2026

Full details under Key Themes for 2026

Region	Basket / Screen Name	Ticker	Description	Publication
U.S.	S&P 500 Top 30 AI/Datacenter Beneficiaries	JPRAID30	To construct our equity basket, we took a multi-layered approach to ensure our final list comprised S&P 500 companies with significant exposure to AI themes. We selected current constituents of the S&P 500 index only which have a high residual return correlation to Nvidia year-to-date. To further refine our selection, we leveraged J.P. Morgan's proprietary technology to filter for companies with high frequency of co-mentions of AI across news and earnings call transcripts.	
U.S.	Sensitive to Low-End Consumer	JPRLOWCO	Our JPM Stock Analysts identified US companies with material exposure to low-end consumers. Companies are heavily tilted towards Financials and Retail.	
U.S.	Trump Deregulation Agenda	JPRGDREG	This basket was systematically constructed based on a universe of US companies that should benefit from potential deregulation policies implemented by the incoming administration. Companies were screened and refined in consultation with our JPM analysts.	
U.S.	Global Strategic Resources	JPRSTRES	This basket contains companies sensitive to the global shift toward supply chain de-risking and strategic resource security, as identified by JPMorgan Single Stock Equity Analysts. Specifically, it includes firms involved in the production and processing of Global Strategic Resources such as Rare Earths and Uranium, which are critical for AI, defense, and energy transition technologies.	
U.S.	US Trade Tariff Underperformers	JPGTUSTU	This basket contains companies sensitive to the impact of US trade and tariff policies, based on the expert input of JPMorgan Single Stock Equity Analysts. Specifically, it includes U.S. companies that are likely to be vulnerable to escalating tariffs.	Link
Europe	Eurozone Fiscal Stimulus	JPEZFIST	Companies poised to benefit from fiscal spending acceleration across the Eurozone	
Europe	Trade tariff sensitivity	JPEUTFS	Companies with significant exposure to international trade, whose margins and competitiveness have been impacted by tariffs and trade policies, but stand to benefit if tariffs are to be eased.	
Europe	Beneficiaries of Potential Russia-Ukraine Ceasefire	JPEUUKRN	Companies that are likely to benefit from a potential ceasefire in Ukraine and the subsequent rebuilding process.	
Europe	Beneficiaries of Potential Greenshoots in China	JPEUCHGS	Companies with significant exposure to Chinese demand or operations, poised to benefit from economic recovery in China	
Europe	Europe Trade Tariff Exposed	JPREUTAR	The EU Trade Tariffs basket is a selection of companies derived with input from Senior Equity Sector Analysts for companies that are expected to be negatively impacted by the protectionist tariffs and trade policies under President Trump's administration.	
Japan	Japan 30 AI-related Stocks	JPRJAI30	Japanese AI-related equities are poised to benefit from the anticipated acceleration in global AI capital expenditures in 2026.	Link
Japan	Japan Beneficiaries from Domestic Consumption Recovery	JPRJBDCR	The rebound in domestic consumption, supported by rising real wages, is expected to drive robust performance among consumption-oriented Japanese stocks.	-
Japan	Japan Beneficiaries from Increasing Defense Expense	JPRJBIDE	Companies engaged in defense procurement contracts with Japan's Ministry of Defense are expected to benefit from the projected increase in national defense spending.	-
Japan	Japan Trade Tariff Exposed	JPRJPTAR	Basket contains stocks screened with the highest revenue exposure to North America, exposing them to Trump 2.0 policies.	
Australia	Australia Trade Tariff Exposed	JPRAUTAR	This basket was derived with input from Senior Equity Sector Analysts for companies that are likely to be sensitive to tariff increases.	
Developed Market	DM ex US Trade Tariff Exposed	JPRDMTAR	List of DM ex US stocks most vulnerable to escalating US tariffs. The basket is an aggregate of the Europe, Japan, and Australia tariff baskets.	
Asia	North Asia Trade Tariff Exposed	JPRNATAR	Basket of North Asia stocks most vulnerable to escalating US tariffs. Companies from MSCI Korea and Taiwan with >50% sales from the US were added	
Asia	ASEAN Trade Tariff Exposed	JPRASTAR	Basket of ASEAN stocks most vulnerable to escalating US tariffs created in consultation with our equity analysts and incorporating sector views.	
China	Top Picks for AI Supercycle	Stock Screen	The AI compute supercycle has channeled earnings upside to Chinese suppliers, particularly in CPO, PCB, AIDC and liquid cooling, while internet giants Tencent and Alibaba are leaders on the application side.	Link
China	Top Picks for Overseas Exposure	Stock Screen	We believe the top leaders in AI, consumer electronics, battery/energy storage, electrical equipment, and construction machinery will keep benefiting from overseas expansion.	
China	Top Picks for Domestic Consumption	Stock Screen	While we pushed for small pleasure and experience related consumption in 2025, we believe the focus is now shifting toward high-quality food.	
China	Top Picks for "Anti-Involution"	Stock Screen	Industry leaders benefiting from Chinese government's anti-involution efforts on ASP improvement and market share gains	Link
China	China Trade Tariff Exposed	JPRCNTAR	China may continue to face manufacturing overcapacity suppressing goods prices, with consumer discretionary, electronics and industrials exporters most sensitive to escalation of US-China trade tension, in particular the 2C players. The six stocks are JPM covered names vulnerable to such pressure.	
EM	Major Firms in Power Generation and Transmission Ecosystem	Stock Screen	Grid and Transformer producers that are poised to capitalize on the rising digital capex. JPM anticipates that a surge in data center development will significantly boost power consumption in certain regions.	
EM	Major Defense Names	Stock Screen	List of stocks that should benefit from a global increase in defense budgets	
EM	Domestic Liquidity	Stock Screen	Beneficiaries of rising activity in domestic investors, such as increased retail participation, domestic mutual funds etc.	
EM	Governance	Stock Screen	Stocks that are likely to benefit from a policy push towards better governance framework	
Emerging Markets	EM Trade Tariff Exposed	JPREMTAR	Basket of EM stocks most vulnerable to escalating US tariffs. The basket is an aggregate of the China, Asia Tech, ASEAN, LatAm and Mexico tariff baskets.	
Latam	LatAm ex. Mexico Trade Tariff Exposed	JPRLATAR	Basket of Latam stocks most vulnerable to escalating US tariffs, created in consultation with our equity analysts and incorporating sector views	
Mexico	Mexico Trade Tariff Exposed	JPRMXTAR	A qualitative basket based on a universe of 52 companies tracked in Mexico including all companies in MEXBOL and MSCI Mexico. This basket captures for companies sensitive to tariffs based on disclosures from their earnings reports and/or earnings calls.	Link

J.P. Morgan Research does not provide coverage of these baskets and investors should not expect continuous analysis or additional reports relating to them.
Source: J.P. Morgan Global Equity Strategy.

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U.S. Equity Outlook

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The U.S. is set to remain the world's growth engine, driven by a resilient economy and an AI-driven supercycle that is fueling record capex, rapid earnings expansion, and unprecedented market concentration in Quality Growth and AI beneficiaries. As both corporates and governments race to invest in AI in search of productivity gains and out of fear of becoming obsolete, the sector's momentum is clearly spreading geographically and across a diverse list of sectors and industries from Technology and Utilities to Banks, Health Care and Logistics. However, this growth is unfolding within a K-shaped, polarized economy, naturally creating winners and losers. The AI "Wall of Worry" is likely to persist for years to come. In such an environment, broad sentiment measures are likely to remain prone to sharp swings, as we have seen this year and most recently.

Despite AI bubble and valuation concerns, we see current elevated multiples correctly anticipating above-trend earnings growth, an AI capex boom, rising shareholder payouts, and easier fiscal and monetary policies. Also, the earnings benefit tied to deregulation and broadening AI-related productivity gains remain underappreciated. Even as the K-shaped recovery continues, U.S. disposable incomes grew by ~$1.3T to ~$26.3T over the past year (5.1% nominal, 2.3% real), while household net worth rose to a record high of $176T (~$10T over the past year and $58T over the last 5 years, as of end-2Q2025). Though crowding in High Beta / Speculative Growth remains a tactical risk (see Report), we see the rotation ultimately benefiting Quality Growth and Low Vol stocks (main style factors for the S&P 500 index with a combined weight of 86% for the benchmark).

We are constructive on the S&P 500's outlook both in terms of price target (7,500 by YE26) and above-trend earnings growth of 13-15% for at least the next two years (2026 EPS of $315 and 2027 EPS of $355 vs. Consensus of $309 and $352, respectively). This outlook is anchored on our JPM Economics view of two more cuts followed by an extended pause. However, should the Fed cut rates further (due to improving inflation dynamics), we see greater upside with the S&P 500 likely surpassing 8,000 in 2026.

- **U.S. to remain the global growth engine centered around the AI supercycle.** While the AI theme is still largely U.S.-centric, select global players such as China, Korea, and Taiwan in EM, along with Japan and a few Eurozone companies, are becoming increasingly integral to the supply chain and are well positioned to benefit from AI expansion. See Eurozone, Japan, and Emerging Markets sections for more details.
- **2026 should be another strong year for AI stocks, with capex likely to surpass expectations.** The Fear of Becoming Obsolete ("FOBO") is driving accelerated spending across both corporates and governments, positioning next year for another significant buildout phase to address supply-demand imbalances in infrastructure and compute. Despite ongoing bubble concerns, the sector's fundamentals remain strong, with robust earnings and healthy balance sheets. While the near-term funding curve appears manageable, the long-term capex boom will likely require tapping alternative sources. Monetization will continue to grow in focus as companies across all sectors deploy AI to unlock new revenue streams or realize substantial cost savings. Notably, labor-intensive sectors (such as big banks and pharma) have yet to reflect AI-driven savings in consensus estimates, as only a few firms have cited

these benefits. Transcript analysis indicates ~60% of S&P 500 companies are investing in AI, with 50% mentioning cost savings and efficiency gains. By late next year, more firms are expected to provide concrete examples, which should gradually lift margin estimates for the S&P 470 (excludes our AI 30 stocks, see Figure 111).

- **AI will further propel a polarized, K-shaped economy— winner-take-all to persist as market concentration and narrow leadership reach new highs.** S&P 500 has increasingly decoupled from the Old Economy, as the AI narrative has offset concerns over weaker macro, softer earnings, or policy changes. AI 30 stocks now account for 44% of the S&P 500's market cap (Mag 7 + Broadcom comprises 39%), up from 26% in November 2022 when ChatGPT was introduced (Mag 7 + Broadcom made up 23%). This level of concentration now exceeds the historical peak seen during the Nifty-Fifty era. Unlike that period, today's concentration is primarily in Quality Growth names with strong profit margins, resilient cash flow growth even through shocks, disciplined capital returns, and still low credit risk profiles, leaving them uniquely positioned to deploy capital in size when new opportunities, such as AI, emerge.
- **The U.S. business cycle (JPM QMI) is in a slowdown after a three-year upswing, but this does not signal an end-cycle contraction.** Recent softness is mainly due to the expected GDP hit from the government shutdown, with significant offsets going into early next year: pent-up demand following the government shutdown, OBBBA-related tax refunds, increased AI capex, and 150bps of rate cuts (from September 2024) still filtering through the economy. Real Growth indicators remain mostly in expansion, with reasonably healthy consumer and corporate balance sheets. Further, labor market weakness should be enough to prompt 25bps rate cuts in both January and May, with the path for a December cut having narrowed. In contrast, Liquidity and Inflation QMI indicators face mean reversion risk, while Sentiment will likely remain the primary marker of cyclical volatility. Note that tightening liquidity demands a more vigilant Fed next year.
- **Earnings are set to accelerate above trend to 13-15% over the next two years driven by AI secular tailwinds.** This compares to the long-term average EPS growth of 8-9% and implies a fwd PE of ~25x. For next year, we expect S&P 500 revenue growth of 7% (ex-AI of 5%) with margin expansion of 35bp driving 2026 S&P 500 EPS to $315 (+15% y/y). The question of whether the capex cycle could broaden out past just AI remains highly sensitive to monetary policy, but there could be a catch up next year as some of the policy uncertainty is lifted. Additionally, with shareholder returns on track to increase +8% y/y to ~$1.8T this year ($1.1T from buybacks), we expect 2026 to come in slightly softer at ~$1.7T. We remain OW on TMT, Utilities and Defense, and see further outperformance in Banks and Pharma despite maintaining a N view on the broader Financials and Health Care sectors. We also continue to favor Quality Growth and Momentum, while remaining tactically positive on Low Vol. Please see Equity Vol, Sector, Style, and Thematic Outlook for details.
- **Beyond AI (JPAMAIDE, JPRAID30), a dynamic policy environment will drive dispersion across equity themes, albeit lower than in 2025.** Ongoing U.S.-China competition and U.S. supply chain diversification, along with support for AI/ electrification, should benefit **Global Strategic Resources (JPRSTRES)** like Rare Earths and Uranium through private and government investment. **Deregulation (JPRGDREG)** should see renewed momentum, especially for Financials, Housing supply chain, and parts of Energy, as regulatory rollbacks aid growth and deficit reduction. Tactical opportunities have emerged for **low-end consumer equities**

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(JPRLOWCO) and **U.S. importers (JPGTUSIM)**, with attractive valuations, OBBBA-related fiscal stimulus **(JPGTIEXB**, see Report**)** and possible tariff relief providing near-term upside (into 1Q26) despite longer-term challenges. Selectivity on trade and tariff issues is key, with **U.S. Tariff Exposed companies (JPGTUSTU)** favored over global peers **(JPRDMTAR)**.

S&P 500 Price Target and Valuation

S&P 500 Price Target and EPS.Our constructive 2026 S&P 500 price target of 7,500 is supported by the AI supercycle driving above-trend earnings growth of 13-15% for at least the next two years (JPM 2026 EPS of $315 or +15% y/y and 2027 EPS of $355 +13%). In our view, the rich equity multiples have been correctly anticipating this earnings inflection. Absent an exogenous shock or global recession, the AI infrastructure buildout, the creative destruction in apps & services, and cost savings directly tied to AI are likely to be earlier and stronger than expected (i.e. the speed of change is accelerating). For this reason, we believe next year is going to be a departure from the trend where S&P 500 consensus estimates are likely to be revised higher rather than lower throughout the year (hence our above consensus EPS of $315 vs. IBES consensus of $309). AI 30 companies are expected to drive the bulk of the incremental growth, a consistent theme since the launch of ChatGPT in 2022 (see Figure 9 for performance, capex, and earnings growth contributions YTD). As for the remaining S&P 470, these companies are expected to start pulling their own weight as well with a respectable earnings growth of 9-10%. A broader measure of economic growth, real GDP growth rate of 1.8%, is expected to remain relatively lackluster given the K-shaped recovery (e.g., low-income consumers, manufacturing, retail), see US Economic Outlook.

Don't mind the Valuation. Due to the anticipated inflection in earnings, the S&P 500 equity multiple has re-rated by ~5x on PE since late-2022 largely due to outsized gains and crowding into Quality Growth and AI names Figure 25. With a long-term PEG ratio of 2x, we believe the current S&P 500 multiple should remain broadly supported if companies are able to deliver 13-15% annual earnings growth over the next few years. While AI 30 stocks appear to some as richly valued at ~30x on a forward multiple, we believe these companies offer stronger earnings visibility, higher pricing power, lower balance leverage, and a consistent track record of returning shareholder capital relative to S&P 470 peers trading at 19x or foreign MSCI ACWI peers at 14.5x. Given markets are in price discovery mode, trying to predict the growth of a supercycle 2-3 years in advance, we expect two-way volatility with crowding and sudden unwinds to be the norm rather than the exception.

Sector, Style, and Thematic Outlook

Sector Outlook — AI will remain the core theme that drives sector performance next year and, as such, we continue to favor Mag7, with non-Tech AI adoption and datacenter-related spending accelerating. As such, we expect lower dispersion (compared to 2025) and continued concentration with the executive and legislative agenda mostly implemented and policy nuances better understood by investors (e.g., tariffs, immigration, OBBBA, DOGE). Additionally, there is much greater clarity on the AI buildout with growing consensus that spending commitments by corporates and governments are mostly locked in at this point for the next two years (Capex for AI 30 alone is expected to be $585B or +34% y/y in the next twelve months). We flag high conviction trades at the industry level, despite the overall sector rating, with the assumption that equities are likely to be up double-digits again in 2026.

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- **Technology (OW)** will remain front and center of the AI theme next year, but we continue to like the momentum trade of being long **Tech Hardware (i.e., Semis and Tech Equipment)** on better capex buildout visibility over Software, which will continue to see winners (i.e., Microsoft, cybersecurity) and losers (i.e., IT Services). This year, we expected Tech to be in the crossfire from both higher domestic tariffs and retaliatory actions (particularly Semis and Tech Hardware), a risk we see significantly reduced going into next year. Similarly, **Communication Services (OW)** should also remain a large beneficiary of the AI trade given Google and Meta make up ~3/4 of the sector.
- **Maintaining Utilities at OW** despite a lower beta to the AI theme and the sector being at risk of AI models becoming more energy efficient, as the sector has multiple secular growth verticals that should drive steady demand such as EV and reshoring of manufacturing. Importantly, new demand (e.g., overnight EV charging, AI model training) can help levelize electricity needs at night when there is traditionally low-demand, which would in turn translate to higher utilization of the infrastructure and therefore higher margins.
- **Industrials still a N but we remain OW on Defense**, supported by increased spending in emerging defense technologies and OBBBA tailwinds, see Report. While Industrials as a whole is not solely reliant on the AI theme given the aforementioned Aerospace & Defense exposure, it does benefit strongly from AI's secular growth trends through other Capital Goods names within **Building Products, Construction & Engineering, Electrical Equipment & Machinery, on which we remain constructive.** We are less positive on Transportation as well as Commercial & Professional Services.
- **OW on Banks, but remain N on broader Financials.** Big banks stand to benefit from the ongoing capital spending boom and an elevated rates environment. Banks play a key role across the entire cycle (from financing new startups and facilitating IPOs to supporting AI-related capital expenditure programs and funding secondary activities such as housing and infrastructure development). Second, **AI offers significant indirect benefits to the sector**, given their tech-driven, people-heavy operations and high tech spending, positioning them for early productivity gains and margin expansion. Banks would also largely benefit from deregulation, a key policy of the current administration.
- **Tactically positive on Low-Vol sectors, but strategically most remain challenged by lower relative earnings growth.** As discussed in our Extreme Factor Divergence report, the current style positioning remains at risk of further reversal given the extreme divergence in High Beta (from 17%ile to 100%ile in just 75 trading days) and a steady unwind in Low Vol (from 96%ile in April to 8%ile crowding). This, combined with Low-Vol underperforming by 32% since March, Goldilocks priced-to-perfection, market fragility, and tightening liquidity remain reasons for continued short-term outperformance of Low-Vol industries and stocks (i.e., PFE, L, T, VZ). We **remain N on Staples and Health Care, but OW on Pharma** names, which benefit from several late-stage pipeline drugs reaching commercial launch, expanded market access, and improving sentiment following major regulatory developments this year. Looking ahead, AI is expected to play a critical role in drug discovery, with concrete clinical data from AI-designed drugs anticipated as early as next year.
- **Remain N on Consumer Discretionary but tactically positive on Retail** (i.e., cruise lines, luxury) early into next year. While labor market softness (including immigration trends) and the government shutdown have been less than ideal going into the important annual holiday season, larger tax refunds due to OBBBA and

furloughed employees receiving backpay could release pent-up demand over the next few months. While Tesla and Amazon make up 58% of the sector, the K-shaped recovery will likely continue to weigh on the rest of the space if rates stay high and inflation remains sticky.

- **Maintaining Energy at UW but N high-quality refiners** as we see continued pressure on the sector. Perhaps the only price President Trump is more fixated on than the S&P 500 is gasoline at the pump, which the administration closely manages through geopolitical relationships and will likely stay focused on given the upcoming mid-term elections. With Brent prices down 17% YTD weighed down by growing inventories as OPEC and its allies increase output and production from non-OPEC countries continues to add to the global surplus, our commodities team expects it to keep trending downwards to $58/bbl on average in 2026 (see Oil Outlook). With S&P 500 Energy significantly underperforming the market during the first term (-17% S&P 500 Energy vs. +55% S&P 500 from 11/2016 through 1/2020) and so far since the start of the second term (4% vs. 18%, respectively), we believe the trend of holding risk-assets (OW Equities) and avoiding Energy Producers (UW) is likely to hold over the remainder of President Trump's full second term. Bucking policy headwinds, Alternative Energy stocks have increased in lockstep with the datacenter spending growth outlook given the need to rapidly increase electricity production. After the Green Energy/Low-Carbon sector's significant relative underperformance, it has rebounded strongly, with investors now anticipating robust demand growth driven by multi-year backlogs for natural gas turbines and even longer timelines for approvals of new nuclear power generation, both critical to meeting the soaring energy requirements of next-generation AI infrastructure.
- **UW Real Estate and Materials,** with both sectors sensitive to a higher/elevated interest rate environment. Additionally, anticipated lower oil prices are also a negative for the latter, particularly Chemicals which makes up the sector's largest weight. However, **we remain constructive on Rare Earths + Uranium plays and Construction Materials**.

Style Outlook—AI is expected to support the continued outperformance of Quality Growth and Momentum, while investor positioning in Speculative Growth, High Beta, and Low Volatility stocks will remain highly sensitive to the Fed's policy trajectory. For instance, if the Fed continues to ease in line with market expectations, High Beta stocks will likely regain momentum; conversely, if the Fed halts its easing cycle or market expectations shift significantly, flows could shift more aggressively into Low Volatility and Quality Growth stocks. **This year, U.S. investors have rotated across three styles / cohorts of stocks:**

- **First, herding into Mega Caps and Quality Growth stocks** (crowding at 98.2%ile and 96.4%ile respectively, Figure 65, Figure 61)—fundamentally sound winners characterized by robust demand, high earnings and revenue growth, and solid margins. Momentum started the year loaded with Quality Growth and Mag7 and showed clear warning signs of reversal risk (Crowding at 100%ile in Jan, report, Figure 63); DeepSeek provided the catalyst for Momentum to severely unwind in February, erasing 2 years of performance in just 3 weeks, report. Since, investors have steadily built back their positions in Mega Caps and Quality Growth stocks (crowding at the 98.2%ile and 96.4%ile respectively, Figure 65, Figure 61). Going forward, we expect these fundamentally strong names to remain resilient on the back of their unlevered balance sheets, higher liquidity and disproportionately larger buyback programs. Also, due to their larger representation in the market (e.g. AI 30 contributes 44% of index weight in the S&P 500), their resiliency could also provide broader support for the market during adverse episodes of volatility.

- **Second, crowding into High Beta Speculative Growth**, including second-order AI and lower rates beneficiaries (crowding at 95%ile from July to Nov, Figure 59)—These companies have: emerging growth opportunities with inferior cash flow generation, dependence on capital markets for growth rather than internally generated funds, and more vulnerability to changes in investor sentiment with little or no buyback programs to absorb supply during sell-offs. As such, these styles rely heavily on favorable market sentiment, improving liquidity and Fed easing and are vulnerable to sudden repricing if conditions change. Investors chased the V-shaped recovery in April through Spec-Growth and drove High Beta Crowding at the fastest pace on record (from 17%ile to 100%ile in just 75 trading days, Figure 59, report). Crowding remained elevated between July and early Nov (>96%ile, report), before moving lower to 91%ile as sentiment weakened mid-November, due to a less dovish Fed and extreme positioning / gross leverage.
- **Third, rotating in and out of defensive low-volatility**—stocks and sectors like Staples, Telecom, and Health Care, unfavored at the start of the year, swiftly found themselves at the center of investors' interest as the Momentum unwound and trade war fears intensified (report), lifting Low Vol Crowding from 53%ile in January to 97%ile in April, report. Subsequently, as FOMO struck investors who were underinvested during the V-Shape recovery, Low Vol names were sold to fund the AI trade (Low Vol crowding at 7%ile at the end of October, Figure 57, report). As a result, the Low Vol factor not only offers a relative value opportunity, but it also offers diversification from current market herding, and should be a hedge during periods of higher market volatility.

In sum, Quality Growth is anchored to secular trends and provides stability to the market; Speculative Growth and Defensive names exhibit extreme divergence and a risk of further mean-reversion and episodes of volatility in the near term. This could be triggered by macro shifts (such as a change in rate cut expectations or a growth scare), technical unwinds (including high leverage, stretched valuations, and extreme crowding), or tighter liquidity. **In 2026, we expect style positioning to resemble 2025: new extremes in crowding, record concentration (Higher than Nifty-fifties,** Figure **42)/ "winner-take-all". Ultimately, markets will continue to experience sharp rotations as investors shift between skepticism and FOMO alongside a polarized, K-shaped economy.**

Global Thematic Outlook — Unlike 2025 which was marked by a dynamic policy environment and significant dispersion across equity themes, we expect policy uncertainty to begin to recede in 2026. The AI/datacenter buildout (JPAMAIDE, JPRAID30) stands out as the most compelling Quality Growth U.S. theme with robust public and private sector support, and consumer demand. Given the ongoing U.S.-China competition and U.S. pursuit of de-risking its supply chain and supporting AI/ electrification, we see our Global Strategic Resources (JPRSTRES) theme as Speculative Growth with names in Rare Earths and Uranium. Deregulation (JPRGDREG) is poised for renewed momentum, particularly benefiting Financials and certain parts of Energy as regulatory rollbacks support economic growth and deficit reduction. Meanwhile, tactical opportunities in the Value themes such as low-end consumer equities (JPRLOWCO) and U.S. importers (JPGTUSIM), with front-loaded fiscal stimulus (JPGTIEXB) and potential tariff relief offering near-term upside, even as longer-term headwinds persist. Lastly, tactical opportunities may arise in trade and tariff

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sensitive names for U.S. Tariff Exposed companies (JPGTUSTU) as well as Global peers. For a full list of constituents, see Figure 111 to Figure 125.

- **AI/Datacenter Buildout.** We expect **AI Datacenter Electrification** theme **(JPAMAIDE**, see Report**)** to continue to outperform (2023: +48%, 2024: +47%, 2025: +39% vs. S&P 500) and extend out to the AI30 names (**JPRAID30**, see Report). The AI trade remains highly compelling as the 30 leading AI stocks now account for 44% of S&P 500 market cap and have driven nearly all index returns and earnings growth since late 2022, underpinned by ~$820B in Capex and R&D investment and robust consumer demand. With the passage of the OBBBA **(JPGTIEXB**, see Report**)**, frontloaded government spending is set to further accelerate AI and datacenter investment, offsetting tariff headwinds and supporting double-digit earnings growth into 2026. Despite elevated valuations and positioning, the sector's superior fundamentals—rapid sales growth, expanding margins, and resilient buyback activity—suggest AI leaders will continue to outperform. In short, AI is the engine of U.S. exceptionalism, and its structural growth, innovation premium, and capital return profile continue to make it the most attractive long opportunity in equities today.
- **Deregulation. Government Deregulation** (**JPRGDREG**) remains a hard to quantify theme with the earliest benefits largely expected to accrue to Financials, Energy, and eventually companies tied to the housing supply chain. Much of the relative performance post-election (+10% by November 30, 2024) has been priced out throughout the year (-4% relative to S&P 500 since election) and we expect this theme to be better supported this coming year as the deregulation theme gathers momentum. Estimates for just removing Biden Administration regulation, 1-in-10-out regulatory budget and other actions could generate cost savings of 0.29%-0.78% in annual economic growth over 20 years. The OMB's rule of thumb suggests that a 1% increase in real GDP growth would result in deficit reduction of $3.7T over a 10 year budget window (White House).
- **Consumer.** While the strategic outlook for **Low-End Consumer** equities **(JPRLOWCO**) remains challenged by persistent tariff headwinds and limited long-term fiscal thrust, the passage of the OBBBA (see Report) creates a unique tactical opportunity. Over the next 12 months, ~$60B in targeted benefits – no tax on overtime ($33B), tips ($10B) and car interest ($7B) – will flow directly to low-income households, likely driving a surge in discretionary spending during the holiday season and ahead of tax refunds. This front-loaded stimulus should provide a temporary boost to low-end consumer-facing companies, even as the broader fiscal and macro environment remains unfavorable longer term. Investors can tactically go long the low-end consumer to capture this near-term spending impulse, while maintaining a strategic short as fiscal support fades and structural headwinds reassert themselves. Lastly, we do see pockets of upside for companies in the near-term from the extension and upsize of the **Child Tax Credit** ($9B, **JPAMCTCB** see Report).
- **U.S. Tariffs baskets on IEEPA or other trade headlines.** In the event that the Supreme Court upholds the lower courts (Polymarket: 77%; Similar to trade and legal experts, see Report), we would expect **U.S. Importers** (**JPGTUSIM**) to outperform **U.S. Exporters** (**JPGTEXIM,** see Report). A Supreme Court ruling against President Trump's use of IEEPA for tariffs would deliver a short-term boost to U.S. importers, as the immediate removal or reduction of broad-based tariffs would lower input costs and improve margins, especially for consumer-facing and industrial sectors. The anticipated delay in implementing alternative "Plan B" tariffs

under narrower legal authorities means importers could benefit from a window of reduced tariff rates, potentially reclaiming a portion of the $165bn in tariff revenue collected and seeing improved cash flow (see Report). While the administration remains committed to maintaining tariffs through other channels, the transition period should allow U.S. importers to rebound, restock inventories, and regain competitiveness before new measures are phased in. This creates a tactical opportunity to go long U.S. importers, even as medium-term risks persist once sectoral tariffs are reintroduced and trade tensions resume. Given those medium-to-long term risks, we continue to favor U.S. Tariff Exposed companies (**JPGTUSTU**) over global peers also exposed to tariffs in Europe (**JPREUTAR**), Japan (**JPRJPTAR**) and Emerging Markets (**JPREMTAR**). Given recent tariff rollbacks around food, the administration could pursue more targeted tariff relief especially as affordability and cost of living become priorities into the midterm elections.

- **Rare Earths and Uranium.** Given the ongoing U.S.-China competition and U.S. pursuit of de-risking its supply chain and supporting AI/electrification, we expect Global Strategic Resources (**JPRSTRES**) such as Rare Earths and Uranium to benefit from both private investment and government support. Rare earth elements are essential for the AI, defense and the energy transition, underpinning technologies like EV motors, wind turbines, and advanced electronics (see Report). Despite global efforts to diversify supply, the rare earths market remains highly concentrated. China dominates refining and processing and recent export controls have intensified Western governments' demand for securing alternative supply chains. This has resulted in unprecedented regulatory support, direct government investment, and long-term price floors, de-risking earnings for domestic producers and attracting further capital inflows. Meanwhile, uranium is benefiting from a global nuclear renaissance, as nuclear power is increasingly recognized as critical for grid stability and decarbonization, with capacity set to more than double by 2050. Supply risks are mounting due to Russia's dominance in enrichment, the U.S. ban on Russian uranium imports from 2028, and long lead times for new capacity, while major producers are revising production guidance lower.

Business Cycle and Liquidity Conditions

Business Cycle is in a slowdown after a three-year upswing. Our forward-looking business cycle indicator, U.S. QMI, has lost some momentum over the last two months but is still at 82%ile vs. 43-year history (up from 13%ile trough end-2022, Figure 12). The recent softness is consistent with expected subpar GDP growth of 1.0%ar this quarter by JPM Economics, reflecting a likely 1.5%ar reduction due to the shutdown. The issue of unresolved health insurance subsidies and the risk of another end-January budget impasse could dampen the recovery in consumer sentiment (already at an all-time low). However, there are significant offsets to weak growth going into early next year: (1) pent up demand as withheld government salaries are paid and government activity normalizes, (2) significantly larger tax refunds related to OBBBA, (3) AI related investment activity via capex and R&D is still accelerating and is likely to surprise to the upside, and (4) 150bp of rate cuts since 2024 are still working through the system with a lag. Thus, **we do not see the recent cyclical slowdown as the start of an end-cycle contraction.** Leading indicators of real activity like PMI surveys and goods traffic are mostly in expansion, and the Growth composite is middling (60%ile vs history) providing considerable room for expansion if policy is supportive (see U.S. Economic Research). Indeed, we believe that even though QT ends Dec 1, Fed will be vigilant in providing liquidity as monetary policy transits from an abundant to ample reserves regime. Additionally, consumer and corporate balance sheets are reasonably healthy

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with debt service ratios at comfortable levels. By contrast, the Liquidity and Inflation-related QMI indicators are elevated (at 92%ile and 88%ile respectively) and are at risk of mean reversion, potentially signaling short-term hiccups in the cycle. Sentiment (at 63%ile) has recently been and will likely remain an important marker of cyclical volatility. However, polarized economies are prone to seeing higher volatility in sentiment measures.

Tightening liquidity demands a more vigilant Fed next year. The liquidity environment has been very supportive over the past two years, playing a vital role in backing credit availability, private consumption and valuation of risky assets, see Figure 14and Figure 15. Paradoxically, the easy liquidity setting comes against a backdrop of quantitative tightening, Figure 16. We believe the benign co-existence of these two phenomena may be coming to an end and that tightening liquidity could be a bigger risk for equities unless the Fed partially reverses direction in favor of more liquidity. Specifically, liquidity has meaningfully tightened, with the reserve to GDP ratio now below 10% (partly tied to the high TGA balance). **Note that as the government reopens and TGA starts getting drained, along with the expected end of QT on Dec 1st, Fed liquidity should start to normalize and may improve.** Signs of liquidity stress are visible in the money market, where collateralized (repo) rates temporarily exceeded uncollateralized rates (Fed Funds) due to seasonal shocks more than any time since 2019. Tightening liquidity conditions are first felt in riskiest assets without an intrinsic value anchor such as Crypto, followed by Commodities where supply / demand needs to be at an equilibrium (e.g., Oil), and then High Beta Equities / High Yield Credit that are reliant on functioning capital markets and investor sentiment (e.g., smaller, unprofitable, lower credit companies). Initially, the liquidity driven rotation out of risk and into Quality Assets (Low Vol, Dividend Aristocrats) is often abrupt and rapid, as discussed in our Style Positioning report.

- Over the last several years, the Fed has been able to insulate bank reserves, a liability on the Fed's balance sheet and an asset on the banking sector's balance sheet, from declining excessively by actively managing the composition of its book. Bank reserves are the foundation of the banking sector's liquidity, and their shortage strains the $7.5T money market, a key source of short-term credit to Main Street. Unlike the Fed's total assets, which have declined to $6.6T from a 1Q2022 peak of $9.0T, bank reserves have fluctuated in a tight range of $3.6T to $3.0T from 2022 to now (after an initial contraction in 2021, Figure 17). To manage the balance sheet, the Fed used reductions in reverse repos, equivalent to a temporary sale of securities, to stabilize bank reserves (Figure 18). That route is now exhausted with reverse repos near zero.
- Any further reduction in the Fed's balance sheet, i.e. QT will likely impact reserve balances negatively. Unsurprisingly, Chair Powell announced Dec 1 as the end of the current phase of QT. **Two of the measures of reserve balances, its ratio relative to commercial bank total assets and GDP is already near or at critical levels** (Figure 19). **Perhaps for this reason, there are some signs of liquidity stress in the money markets.** On Oct 31, due to seasonal demand, the collateralized SOFR unusually exceeded the uncollateralized Fed Funds rate by 36bps (Figure 18) and the Fed had to push $50 bn into the market via Standing Repo Facility, the highest injection of liquidity through repo operations since June 2020. While we are nowhere near a Sep-2019 like liquidity crisis (see JPM podcast: What's Next for the Funding Markets?), recent Fed Funds, repo market and payments developments suggest that reserves are edging from abundant to

ample (a point made by NY Fed President Williams recently). Liquidity is heading to a level where money market shocks risk being amplified and reverberating through financial markets, including equities. Demand for Fed vigilance is higher.

- In addition, Main Street liquidity depends on both the availability of base money (reserves) facilitated by the central bank and the risk appetite of creditors (financial intermediaries) and borrowers. Tightening or loosening of lending standards by intermediaries (banks and private capital pools) can vary liquidity even if central bank liquidity is constant. Sentiment has been strengthening over the past 3 years due to factors like aggressive fiscal expansion (Biden), deregulation (Trump) and anticipated AI-driven productivity growth (Figure 7). When the base liquidity buffer is thin, any reversal in sentiment, i.e. a pullback in risk appetite, whether due to a cyclical slowdown or unanticipated exogenous shocks, poses an elevated risk to Main Street liquidity and, by extension, to asset valuations, particularly if they are stretched.

Equity Volatility Outlook, Positioning and Concentration

Equity Volatility Outlook — Volatility in the U.S. remains caught between technical & fundamental factors that suppress it, and macro factors that support above-average levels, with the former prevailing most of the time. Large short-dated volatility supply and low correlations will likely continue to weigh on volatility in 2026, and we see a positive fundamental backdrop with near-trend economic growth and low double-digit equity market upside. However, high economic policy uncertainty (Figure 27) and moderately restrictive interest rates support higher volatility levels. **We expect 2026 to largely see a continuation of the 2H25 volatility regime, targeting a median VIX level of 16-17** next year but **with high vol of vol**. The VIX is likely to stay low during periods of relative calm as technical flows continue to suppress volatility, but surge during risk-off episodes as the effects of this short-term vol supply evaporate.

Positioning prior to the recent sell-off was more fully loaded with gross and net leverage across all strategies rising to 98%ile and 91%ile, respectively. Meanwhile, the largest stock buyers (corporates and retail) have significantly slowed down in recent months given few dip buying opportunities. Retail activity halved to ~$1.1B per day in 2H, from $2.2B during the post-Liberation day highs, while buyback executions slowed in recent quarters, although still at historically high levels. While the current valuation of 23x PE is a concern for many institutions, especially since investors abroad tend to be more valuation sensitive, it is important to note that corporate and retail buyers are generally PE agnostic but tend to be very price responsive. As long as the AI cycle remains alive, the labor market does not materially change, and the aging global population continues to seek quality financial assets, we expect multiples to remain structurally rich (>20x) outside of a recession.

- **Global HF gross and net leverage are near long-term highs at 302% (98%ile) and 73% (91%ile), respectively, as of last Friday.** Risks around systematic strategy positioning are now more balanced, following increased volatility and weaker price momentum that led to de-leveraging since mid-Oct. Volatility Targeting (VT) funds steadily increased their equity exposure from very low levels in April (~4%ile), peaked in early October (~75-80%ile), and have since reduced exposure to modestly below average (~45%ile). CTAs entered the recent market downturn with near max-long equity positions, and have trimmed their holdings, but likely still maintain moderately above-average long exposure (~65%ile), see *US*

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Equity Derivatives Strategy and *Delta-One Flows & Positioning*.

- **U.S. corporates are depleting equity stock by $4-5B per day on average.** Corporates along with Retail investors are largely agnostic to valuation but are very responsive to price declines (i.e. dip buyers). As was the case during the sell-off during March-April, these participants behave contrarian and often trade against systematic and active investors who tend to be more sensitive to volatility and change in trend. Buyback announcements have been running at a record pace YTD but have slowed down in recent quarters given the sustained run up in equities. While this has increased the firepower or the balance of "buybacks yet to be executed" to $1.3T, see Figure 37, we expect stock repurchases to come in slightly lower next year around ~$1T.
- **Retail investors— 2025 is set to be a record year for retail traders in terms of flows (tracking at ~1.9x the 5y avg)**, 50% above the levels seen last year and 12% above the previous peak during the retail mania of 2021. We highlight a few interesting trends: **1) Buy-the-Dip.** Retail investors began the year by sizeably buying the dip during three episodes of weakness (Post-DeepSeek correction, Momentum Unwind and Liberation Day meltdown) — building 75% of their YTD single stock position in Jan-Apr and making Tech, particularly NVDA and TSLA, clear winners of this trend, Figure 100. **2) Trading ETFs and Macro.** From May onward, retail investors' single stocks activity was put on pause: they continued to steadily build their ETF purchases at the expense of further investments in single stocks (Figure 98). As a result, ETFs account for ~3/4 of retail's YTD inflows (Figure 97), with retail trading the GLD rush and buying more this year than the last 5 years combined (Figure 102). In addition, retail investors collected record premiums via selling options (Figure 101). **3) Funding AI with SPX 470.** Retail investors have proved their conviction in the AI theme by funding large purchases in AI30/Mag 7 with holdings in the SPX 470. This bifurcation has been persistent since 2023 following the launch of ChatGPT (Figure 99).
- **With U.S. making up 63% of MSCI ACWI index, foreign investors own ~21% of public U.S. equities.** These investors are most sensitive to relative valuation, USD volatility, and sell-offs in U.S. Mega-caps. Based on our discussions with foreign investors across the globe, most are not planning to sell their invested principal in the U.S. regardless of current rich valuations, due to limited growth opportunities abroad, poor liquidity, and an unwillingness to significantly deviate from the benchmark. Instead, most foreign investors continue to park their capital in the U.S. for the long-term growth potential, shareholder friendly corporates, pro-growth policies, breakthrough innovation, and the AI story.

Market concentration is making new highs and surpassing Nifty-Fifty levels, but it is fundamentally different from prior episodes. The Nifty-Fifty episode was driven by the popular investment strategy of holding Quality / Low-Vol household stocks forever, regardless of future earnings potential and evolving rates outlook. During **the TMT episode**, concentration rose on the back of hockey-stick earnings projections for companies in emerging growth industries (e.g., Internet Retail, Tech & Telecom Equipment, Biotech). While the investment thesis was broadly correct in hindsight, the high cash burn without sustainable cash flow going into a business cycle contraction and tightening capital market conditions resulted in poor investor sentiment and bankruptcies. **The latest concentration episode**, however, is mostly in Quality Growth names with a track record of sustaining high profit margins on legacy businesses, delivering strong cash flow growth even through shocks (e.g., high(er)-for-longer rates, tariffs), returning shareholder capital, and maintaining a low credit risk profile with

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healthy balance sheets. As such, we expect market concentration to remain high given that these Quality Growth companies have been resilient throughout the business cycle and are able to quickly deploy capital in size when a new opportunity emerges such as AI ("winner-take-all"). However, if AI growth expectations significantly disappoint, it could spark a reversal in concentration and even more so in style leadership, favoring a rotation into Low Vol. Some market participants use the term concentration and crowding interchangeably, but there is an important and subtle difference. For example, when the index performance is "highly concentrated" it is almost exclusively due to Mega-cap outperformance. On the other hand, "Crowding" is often used in reference to Style Factors (such as current High Beta crowding) and Themes (Speculative Growth AI names, Defense beneficiaries, etc), which often get crowded irrespective of trends in concentration/mega-caps.

U.S. Exceptionalism, the AI Sector, and Accelerating Earnings Growth

U.S. Exceptionalism powered by AI —The rotation into U.S. Tech accelerated in late 2018 as central banks shifted away from ZIRP after nearly a decade of post-GFC easing, coinciding with waning interest in China and the onset of the U.S.-China trade war. Global investors sought refuge in U.S. Quality Growth, favoring companies resilient to rising rates and trade headwinds. Prior to the start of this rotation, the S&P 500 traded at only 3.0x P/E premium to global peers (now 7.5x), Tech at 17x (now 33x), and Apple at $700B market cap with a 13x PE (now $4T and 33x). Post-Covid, easy monetary policy briefly inflated growth equities (Speculative Growth more than Quality Growth), until the Fed's aggressive rate hikes reversed this rally. If it were not for U.S. Exceptionalism finding its next growth story (i.e., AI's mainstream adoption via ChatGPT in late 2022) the sudden rise in rates would likely have triggered a mild earnings recession, as evidenced by a 450bp surge in 2yr yields (shocking the housing market with mortgage rates above 8%, causing regional bank stress, commercial real estate softness, and our U.S. QMI at risk of falling into contraction). Over the past three years, the U.S. Exceptionalism has remained centered around AI, a super trend likely to continue next year and beyond. Next year should be another capex-driven buildout year with actual capex likely to come even stronger than already robust consensus estimate of 34% growth. Despite the bubble concerns, the AI sector's fundamentals remain rooted in growing cash flows, healthy balance sheets, and ability for datacenter developers to tap global capital markets. Monetization is increasingly in focus, with revenues accelerating and firms across all industries actively harnessing and scaling AI's potential.

- **The Fear of Becoming Obsolete ("FOBO") is one of the key drivers for AI spending for both corporates and governments.** The risk of becoming fodder for smaller, more nimble players is the reason Tech and Old Economy companies alike are spending as proactively, as much and as fast as possible, so they don't risk becoming history. In fact, **transcript analysis powered by JPM's proprietary LLMSuite for the last three quarters shows that ~60% of S&P 500 companies are investing in AI across all sectors, with 50% mentioning cost savings and efficiency gains.** Apart from TMT, Financials and Healthcare stand out as key sectors benefitting from the adoption, see Figure 8.
- **Two economies and stock markets: Half AI / Half macro.** S&P 500 has increasingly decoupled from Old Economy drivers, with the AI narrative consistently outweighing any concerns over weaker macro, softer earnings, or policy changes – even after short-term pullbacks (i.e., every dip has been followed by an even stronger check-mark recovery). Furthermore, **the AI theme has broadened**

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from Mag 7 to now AI 30 in 2025. AI 30 stocks account for 44% of the S&P 500's market cap (Mag 7 + Broadcom comprises 39%), up from 26% in November 2022 (Mag 7 + Broadcom made up 23%) – now exceeding the historical concentration seen during the Nifty-Fifty era, see Figure 42. At $26T in market cap, the AI "sector" is now 23% of MSCI World (~50% of MSCI ACWI ex. U.S.), around the same size as all of MSCI EM, and ~5x the size of Euro Stoxx 50.

- **AI 30 is positioned to maintain double-digit earnings growth over the coming years.** Given that U.S. equities roughly trade at ~2x PEG and AI 30 constituents at roughly 30x forward P/E, the implied EPS growth rate of ~15% would seem like a demanding hurdle, especially if macroeconomic growth decelerates. However, these names have delivered ~35% sales growth since 2022 (outpacing S&P 470 at +9%), with margins rising from 17.4% to 25.7% (S&P 470 margins remained flat at 11.2%). Earnings growth for the same period is up ~96% (S&P 470 at 9%).
- **These companies have significant room to increase leverage.** AI 30 carries ~5% of the S&P 500's net debt, which is a significant departure from the late 1990s when most high-flyers' intrinsic value relied on future growth and capital market access, rather than cash flow generation. Collectively, AI 30 holds ~$691B in cash (11% of S&P 500, 36% ex-financials) and is expected to generate ~$1T of operating cash flow in 2026 (~30% of S&P 500). Hyperscalers (i.e., Alphabet, Amazon, Meta, Microsoft, and Oracle) account for 51% and 70% of these figures, with ~$350B in cash and ~$725B in projected 2026 operating cash flow.
- **Capex likely to surprise positively in 2026.** AI 30 has invested ~$820B in Capex and R&D over the past year (~55/45 split), with investment spending expected to grow by +34% over the next 12 months (95% attributed to Hyperscalers). Numbers have been beating analyst estimates since early 2023, with the average Capex surprise for AI 30 standing at ~15% YTD (vs. 11.8% in 2024). The question of whether the capex cycle could broaden out past just AI remains highly sensitive to monetary policy, but there could be a catch up next year as some of the policy uncertainty is lifted and some of the promised foreign direct investments go from planning phase to implementation.
- **U.S. to remain short compute— Demand for compute remains quite substantial, with our analysts' base case estimates calling for 122 GW of global data center infrastructure capacity installations from 2026-2030**, at a rapidly accelerating rate. Growth is being constrained by utilities, commodity prices and capital. An unconstrained forecast based on semiconductor orders would call for the same amount of growth in the next three years as opposed to five (i.e., 144 GW of capacity installations through 2028), see report. Before AI, the installed base was about 50 GWs globally, with roughly half in the U.S.
- **2026 will be a big buildout year that has been earmarked, but the longer term capex boom will require tapping into every capital market.** Building out global data centers, AI infrastructure, and related power supply is projected to cost >$5T through 2030, with 2026 alone requiring ~$700B in funding. The near-term funding curve looks manageable, with Hyperscaler cash flow and the High Grade bond market able to absorb at least next year's needs. However, bridging the ~$1.4T estimated funding gap over time will likely require increased participation from alternative capital sources and governments. Private Credit, despite recent scrutiny (i.e. Project Beignet's private-to-public structure), holds >$460B in unleveraged dry powder and offers the flexibility to better match cash flows and solve for ratings outcomes. Government involvement varies widely, from aggressive and public support in the U.S. to a safety-focused approach in the EU. More assertive financial

backing by governments is possible, particularly if national defense concerns around AI continue to grow. For reference, the U.S. government spends ~$591B in contracts, with AI companies currently capturing <2%. See AI Capex report.

- **AI remains largely U.S. centric, but select global players are an integral part of the supply chain.** Of note, Taiwan Semiconductor Manufacturing (2330 TT), Samsung Electronics (005930 KP), ASML Holding (ASML NA), and SK Hynix (000660 KP) make up only ~5% of MSCI ACWI ex-U.S.'s market cap (at ~$2.3T). While only incorporating critical hardware enablers, it is important to highlight $50-200B market cap global players on the infrastructure side (i.e., Schneider Electric, Siemens, Delta Electronics, Legrand) and software/platform (i.e., SAP, Baidu, Alibaba) that are also highly correlated to the theme.

U.S. Earnings Outlook— due to strong secular tailwinds from AI discussed above, all the negative headlines around policy (especially related to tariffs) ultimately had minimal impact on S&P 500 earnings. Earnings growth has been steadily improving, rising from 10% in 2024 to ~13% in 2025. Based on our estimates, we expect this trend to continue and anticipate earnings growth to reach 15% in 2026. With the AI supercycle still young, consensus is likely to underestimate the upside for both AI 30 companies (sellers of tech hardware and services) and even more so the cost beneficiaries (S&P 470 companies, the adopters AI techstack). The AI theme has been the key driver of earnings growth for the index over the past year and more precisely since ChatGPT (AI 30 companies have contributed 61% and 73%, respectively). Even though the current business cycle is mature (~18 years since the GFC), the growth acceleration seen over the past year, the superior potential for productivity gains, and the sustainability of above trend growth rate over the next two years is more akin to early-to-mid cycle rather than late-cycle. We believe the above-trend earnings growth is sustainable as the AI buildout / S-curve for infrastructure plays is still in early-innings while the game hasn't even started for AI-related services. Similarly, the cost savings for labor-intensive professional companies (e.g., big banks, pharma) are not in the consensus numbers simply because only a small number of companies have alluded to cost savings from automation, see Figure 8. **However, sometime by late next year, we believe more companies will provide concrete examples of cost savings. Only then should margin estimates for S&P 470 begin to lift, first slowly and then suddenly for 2028 and beyond, with margins approaching the high-teens by the end of the decade**. If AI turns out to be as transformational / revolutionary as we currently believe (by comparison, smartphones were evolutionary), S&P 500 earnings growth is likely to shift higher to 13-15% over the next five years (vs. long-term average EPS growth of 8-9%), which would support an equity multiple of ~25x (PEG ~2x). For next year, we expect S&P 500 revenue growth of 7% (ex-AI of 5%) with margin expansion of 35bps driving 2026 S&P 500 EPS to $315 (+15% y/y). We expect growth upside to come from infrastructure providers (if they can build it, customers will line up to buy it) given hyperscalers and sovereigns are in an all-out arms race to build larger and earlier than their adversaries.

While steady earnings growth is one reason why global investors prefer to "invest and own" rather than "rent and trade" U.S. companies, other reasons include an exceptional track record of returning shareholder capital, the deepest capital markets in the world, and government policies closely aligning with multinationals. For those with a Value bias or contrarian investment approach, we recommend not leaving the AI party in the U.S., which in our view is just getting started (e.g., three years after the iPhone / Smartphone, Uber was soft-launched in SF). AI 30 stocks have not only been the main driver of performance since ChatGPT (119% of the S&P 500 gains are attributed to these companies), but these companies have also been the largest contributors to earnings growth (61%) and most aggressively spending on future investment (47% of total capex and R&D). When Nvidia's revenues alone are expected to be $325B next year, total global spending on datacenter buildouts plus the cost to develop AI models is likely $1-1.5T per year at this point. At this exorbitantly high cost, arguably only U.S. corporates can spend given their strong cash flow generation ($3.5T last twelve months) and access to domestic equity and debt capital markets. Given bloated deficits and lackluster economic growth, even the largest governments alone can't sustain the current level of robust spending and maintain their domestic and defense programs (U.S. defense budget is ~$1T while China's is ~$250B). While datacenter buildouts should remain an opportunity for only a handful of well-capitalized players (limited competition will likely keep margins of hyperscalers more in line with legacy business rather than asset-heavy sectors such as Industrials, Energy, and Utilities), AI services will be less capital intensive, and opportunities in AI services should be more democratized. As for policy, the OBBBA's frontloaded benefits and diminishing drag from tariffs should turn into a tailwind next year going into the mid-term elections.

- **Above-trend sales growth and margin expansion to record highs.** Even though nominal GDP and S&P 500 revenue growth are often closely correlated, there is often significant divergence during periods of major polarization, such as now. Since AI beneficiaries are almost exclusively public companies (infrastructure plays and hyperscalers), revenue growth can and should deviate from the historical relationship with GDP. Based on consensus estimates, revenue growth next year should be 6.9% (similar to 6.6% for 2025) vs. nominal GDP growth of 4.6% and 4.3%, respectively. Given corporates typically have strong visibility on expected revenue growth (it is margin that most often causes earnings volatility), we believe 6.5-7.0% should be achievable outside of a recession scenario. AI 30 companies are expected to deliver revenue growth of ~16% next year (similar to 2025) with their share of S&P 500 revenue growth at 40% (ex-AI, S&P 470 revenue growth is expected at 4.9%). As for net income margin, based on consensus estimates corporates are expected to expand by 35bps to a record high of ~14% (AI companies are expected to see margin expansion of 50bp to 25.7% while S&P 470 is expected to see 9bps of expansion to 11.3%).
- **AI Cost Savings — equity rerating likely ahead of productivity gains and earnings growth.** Even if direct cost savings from AI are unlikely to be a significant driver of earnings over the next year or two, as long as there is a growing consensus that savings should materialize in a big way before the end of the decade to compensate for all the investment (return on investment), we expect investors to bid up stocks and equity multiples in anticipation of cost savings. Based on a simple back of the envelope calculation, replacing 5% of the workforce with AI across the S&P 500 could unleash >$110B (6% of net earnings) in savings, boosting margins by ~50bps.
- **OBBBA — broadest corporate benefit driven by immediate expensing provisions.** Based on CBO scoring, there should be ~$200B of tax savings (~55% of total net spending) for immediate expensing of domestic capex and R&D between 2025/26. Software, Media/Entertainment and Pharma should be the primary beneficiaries of the tailwind given high capex/R&D spend. Elsewhere, OBBBA is a source of cash tax savings for AI hyperscalers, while Defense is expected to benefit from a one-time increase in spending of ~$150B of which ~$43B should be spent by 2026-end. Consumer facing companies should benefit tactically early next year as

well (~$60B), see Report.

- **Tariffs — remain manageable due to effective mitigation strategies and offsetting pro-growth policies.** The realized tariff rate has been much lower at ~10% (versus expectations of 16%), and only 14% of S&P 500 companies are highly sensitive to tariffs. These companies are primarily in Discretionary, Industrials, and Health Care sectors and are actively employing strategies to mitigate the earnings impact. Nonetheless, S&P 500 companies (excluding AI-linked and financial firms) have experienced gross margin erosion of about 60 bps. Note that companies face a larger tariff impact in 2H25 and into 2026 once inventories get replenished at higher prices. By middle of next year, these headwinds should begin to lap and fade by 2H. As discussed in the tariff Report, if IEEPA is shut down by the Supreme Court, it would be an unanticipated benefit for the largest importers once retroactive refunds are issued. The administration will likely be unable to reconstruct the prior expected tariff rate through alternative measures (e.g. Section 122), which could drive the effective tariff rate even lower. Given recent tariff rollbacks around food, the administration could pursue more targeted tariff relief especially as affordability and cost of living become priorities into the midterm elections.

Investment Spending Growth > Shareholder Return Growth. S&P 500 companies have a long-standing record of being exceptional stewards of shareholder capital by returning excess capital back to investors through buybacks and dividends. In fact, total shareholder return has grown from $905B to ~$1.8T over the past decade (CAGR of ~7%). Given companies have committed to increasing spending on capex and R&D, we expect the growth rate of shareholder return to drift lower in the short-term but catch up after the buildout phase. More precisely, we expect buyback executions to decline to ~ $1T from $1.1 T in 2025 while dividend growth should continue to increase at a steady rate of 4-5%. While operating cash flow generation will remain the main source of funding for the investment spending boom in AI, we expect a further drain on balance sheet cash and higher debt issuance next year (JPM High Grade expects $300B in new issuance activity). The Supply / Demand balance for equities could become more challenging next year, especially if a number of private companies in the pipeline come to market at the same time as hyperscalers are issuing new debt for the AI buildout. It is one thing to bid up the market cap of a company by $5T, and something else to raise $500b in new equity or debt. The latter has a much greater impact on market liquidity. In our view, equity and debt supply should be an important technical hurdle for the market to cross next year, especially with already tighter liquidity conditions.

- **Buybacks—** We expect 2025 buyback executions to close the year at ~$1.1T (12% y/y) and 2026 activity to decline to ~$1T given the aggressive AI capex buildout and lower market volatility in Mega-caps (corporates aggressively absorbed ~$300b during March / April when Mag-7 stocks were down >30%, see Dual Equity Pain Trade). Buyback announcements have been running at a record pace YTD with a daily run-rate of $4-5B/day compared to ~$4B/day in 2024. With executions also slowing in recent quarters, this has increased the balance of "buybacks yet to be executed" to $1.3T, see Figure 37. Buyback executions have predominantly been funded by cash (86%) in 2025. However, with multiple rate cuts priced in over the next 12 months and higher capex announcements, we believe debt capital will play a larger role in stock repurchases for next year. Notably, ~60% of buyback announcements are concentrated in the top 20 companies and these are also the same companies that are spending heavily on AI. As a result, we expect buyback growth to slow a bit even as the chipmakers increase buyback programs.

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- **Dividends—** Despite the robust capex and buyback activity, cash dividends totaled ~$710B (+6% y/y) and represent ~40% of shareholder returns. Given dividend growth rate has significantly trailed price appreciation over the course of the cycle, the dividend yield has shrunk to only 1.3%. Looking ahead, with a three-year dividend CAGR of ~6.7%, and AI capex investments remaining a priority, we expect dividend income growth to moderate to a low single-digit pace of around 4-5%, reaching ~$750B in 2026.
- **Capex spending—** S&P 500 capex spending is expected to reach approximately ~ $1.1T this year (+14% y/y), with AI 30 making up ~40% of the total. While Old Economy capex contributed less over the last year (S&P 470 capex +3.8% y/y vs. +52% for AI 30), largely due to lingering policy uncertainty, the question of whether the capex cycle could broaden out past just AI in 2026 remains. As near-shoring programs move from the planning stage to implementation, we believe trillions in promised foreign direct investment should, at minimum, translate into tens of billions in actual investment activity in the coming years.
- **Debt of ~$7.3T (ex-financials) of which only ~$974B is for AI companies.** S&P 500 (ex-Financials) corporate debt has increased by ~5% over the past year and 14% in the last 3 years. Largest contributors to debt growth in the last twelve months are Utilities, Technology and Energy. Since the emergence of ChatGPT, AI companies have seen their debt grow 20% (vs. 14%. for S&P 500) off a low balance. Despite this increase, AI companies remain largely unlevered relative to other sectors accounting for only ~5% of net debt for S&P 500 compared to ~44% of market cap. With multiple rate cuts priced in through the end of next year and AI capex investment expected to continue, we anticipate more companies will access debt capital markets and increase corporate debt levels in 2026.
- **Balance sheet cash of ~$2T.** S&P 500 companies maintained robust cash positions, with aggregate cash balances remaining steady at ~$6.5T (~$2T ex-Financials). Technology, Healthcare, and Discretionary sectors hold the largest cash reserves outside of Financials, with $517B, $342B, and $324B, respectively. Notably in 2025, hyperscalers (AMZN, MSFT, ORCL, META, and GOOGL), which account for ~18% of the S&P 500 cash balance (ex-Financials), have leveraged their strong liquidity position and free cash flow to pursue aggressive capex strategies to fund large-scale datacenter projects. Cash to Total Assets has been gradually declining over the last 2 years from ~10% to ~8.3% (ex-financials) reflecting the increase in capital expenditures since ChatGPT.

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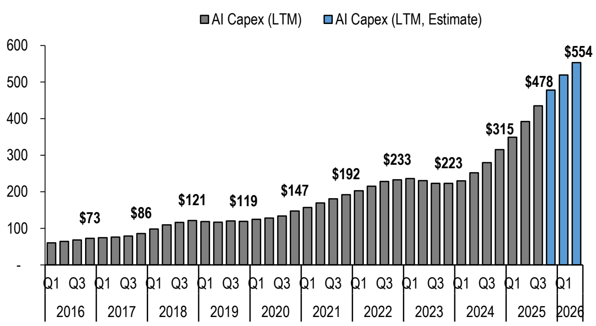
Key Charts

AI 30 Fundamentals

Figure 5: AI 30 Capex

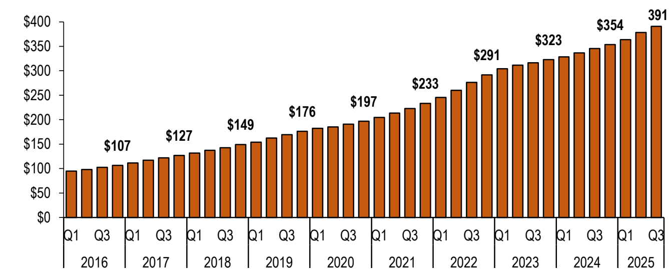
$ in billion, LTM



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

Figure 6: AI 30 R&D

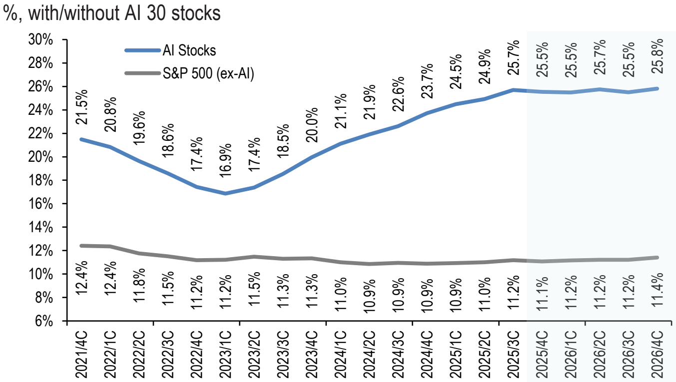
$ in billion, LTM



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

Figure 7: Net Income Margin Expectations

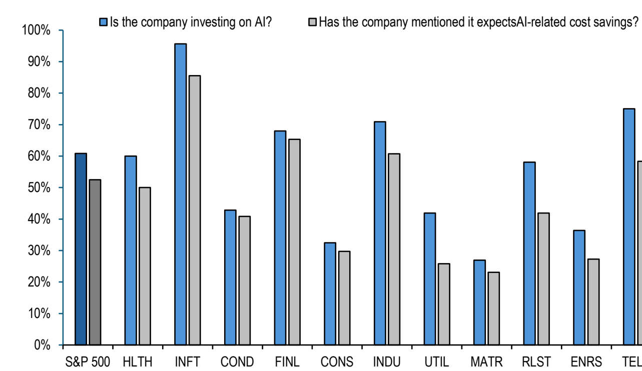
%, with/without AI 30 stocks



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

Figure 8: AI Mentions at Earnings Calls for S&P 500

% of total companies that make up the sector



Based on 1Q-3Q25 earnings calls transcripts.
Source: Company filings, J.P. Morgan Equity Strategy and Quantitative Research.

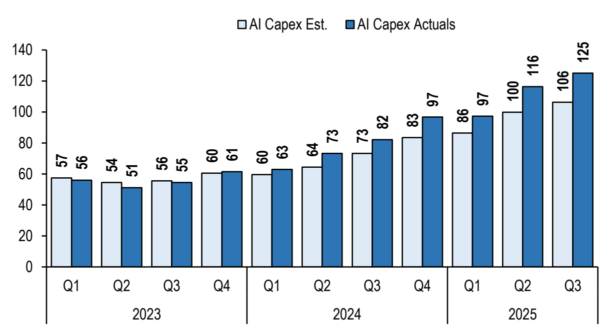
Figure 9: AI 30 Performance and Fundamentals

	Hardware & Infrastructure	Cloud & Foundational Models	Applications & Services	**JPM AI30**	S&P 470	S&P 500
YTD Performance						
Total Return	30%	15%	11%	**21%**	9%	14%
Sales Growth	15%	10%	6%	**11%**	3%	5%
Earnings Growth	46%	16%	16%	**26%**	6%	12%
Capex + R&D Growth	9%	30%	29%	**25%**	2%	11%
Capex Growth	9%	44%	56%	**39%**	5%	15%
R&D Growth	8%	15%	11%	**12%**	(3%)	5%
Net Debt (ex-Financials) Growth	(6%)	NM	29%	**26%**	4%	5%
YTD Contribution						
Total Return	37%	17%	4%	**59%**	41%	
Sales Growth	17%	18%	2%	**37%**	63%	
Earnings Growth	37%	22%	4%	**64%**	36%	
Capex + R&D Growth	7%	70%	10%	**87%**	13%	
Capex Growth	3%	65%	9%	**77%**	23%	
R&D Growth	25%	93%	14%	**131%**	(31%)	
Net Debt (ex-Financials) Growth	(3%)	16%	9%	**22%**	78%	

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/19/2025.

Figure 10: AI Capex Surprise by Quarter

$ in billions



Estimates calculated as of the previous quarter.
Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

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Figure 11: AI 30 Capex - Actuals and Consensus Forecasts

$ in millions, quarterly

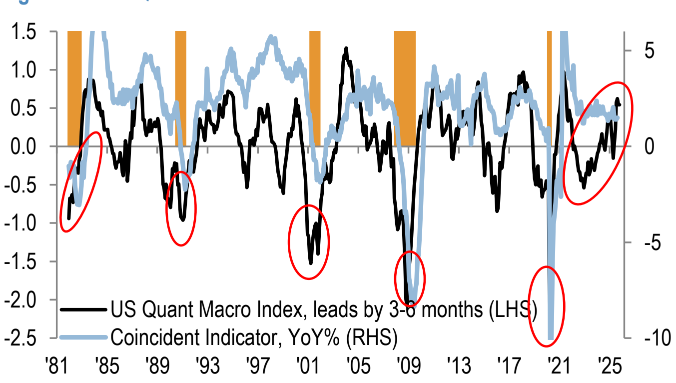
			Reported Quarterly Capex, $'s in Millions					Consensus Quarterly Capex, $'s in Millions					
Tickers	Company	Market Cap	4Q24	1Q25	2Q25	3Q25	3Q25 LTM	4Q25	1Q26	2Q26	3Q26	NTM	NTM Growth
AMZN	AMAZON.COM	$2,419	$27,834	$25,019	$32,183	$35,095	**$120,131**	$34,293	$33,641	$35,680	$37,602	$141,216	18%
GOOGL	ALPHABET INC	3,844	14,276	17,197	22,446	23,953	**77,872**	26,850	26,051	29,972	31,690	114,563	47%
MSFT	MICROSOFT C	3,523	15,804	16,745	17,079	19,394	**69,022**	24,894	25,820	27,670	28,374	106,758	55%
META	META PLATFO	1,546	14,425	12,941	16,538	18,829	**62,733**	21,958	23,779	26,245	28,194	100,177	60%
ORCL	ORACLE CORF	571	3,970	5,862	9,080	8,502	**27,414**	8,274	8,864	10,144	9,162	36,444	33%
INTC	INTEL CORP	171	5,834	5,183	3,550	2,425	**16,992**	5,059	3,876	3,911	3,931	16,777	(1%)
MU	MICRON TECH	251	3,206	4,055	2,938	5,658	**15,857**	4,406	4,495	4,567	4,561	18,030	14%
AAPL	APPLE INC	4,077	2,940	3,071	3,462	3,242	**12,715**	3,734	3,547	3,603	3,708	14,593	15%
TSLA	TESLA INC	1,389	2,783	1,492	2,394	2,248	**8,917**	3,290	2,424	2,526	2,802	11,041	24%
NVDA	NVIDIA CORP	4,436	1,077	1,227	1,895	1,636	**5,835**	1,646	1,665	1,709	1,790	6,810	17%
DLR	DIGITAL REAL	56	735	787	704	480	**2,707**	255	54	71	85	465	(83%)
CEG	CONSTELLATI	111	729	806	767	390	**2,692**	762	928	883	783	3,355	25%
DELL	DELL TECHN-C	86	702	568	675	731	**2,676**	730	727	774	791	3,022	13%
HPE	HEWLETT PAC	28	528	547	576	632	**2,283**	647	648	643	664	2,603	14%
IBM	IBM	284	422	321	336	410	**1,489**	359	298	323	327	1,307	(12%)
QCOM	QUALCOMM IN	177	277	214	294	407	**1,192**	417	398	395	400	1,609	35%
AMD	ADV MICRO DE	350	208	212	282	258	**960**	245	225	233	242	945	(2%)
NOW	SERVICENOW	169	253	205	190	235	**883**	433	244	281	326	1,284	45%
CRM	SALESFORCE	216	154	179	135	195	**663**	200	190	196	207	794	20%
AVGO	BROADCOM IN	1,785	100	144	142	152	**538**	161	163	175	182	680	27%
NXPI	NXP SEMICON	48	130	139	83	77	**429**	117	167	168	179	630	47%
FTNT	FORTINET INC	59	98	67	168	88	**420**	79	99	95	94	367	(13%)
UBER	UBER TECHNC	174	44	74	89	98	**305**	119	87	90	91	387	27%
PANW	PALO ALTO NE	128	48	68	86	84	**286**	116	19	19	50	204	(29%)
CRWD	CROWDSTRIKI	127	87	86	30	73	**276**	78	85	67	86	316	15%
ADBE	ADOBE INC	133	48	26	47	72	**193**	63	54	59	64	240	24%
CDNS	CADENCE DES	83	37	23	44	34	**138**	47	41	43	43	175	26%
SMCI	SUPER MICRO	20	28	33	23	32	**115**	63	63	66	65	256	122%
ANET	ARISTA NETW	154	12	28	24	30	**95**	31	23	24	25	103	9%
PLTR	PALANTIR TEC	387	3	6	8	7	**24**	8	9	10	11	38	61%
AI Total			**$96,792**	**$97,325**	**$116,268**	**$125,466**	**$435,852**	**$139,331**	**$138,684**	**$150,642**	**$156,531**	**$585,188**	**34%**
Mag7 Total			79,139	77,692	95,997	104,397	**357,225**	116,665	116,928	127,405	134,160	495,158	39%
AI (Ex-Mag7)			17,653	19,633	20,271	21,069	**78,627**	22,667	21,757	23,237	22,371	90,030	15%

Note 3Q25 figure for DLR is an average as there is no consensus estimate available

Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

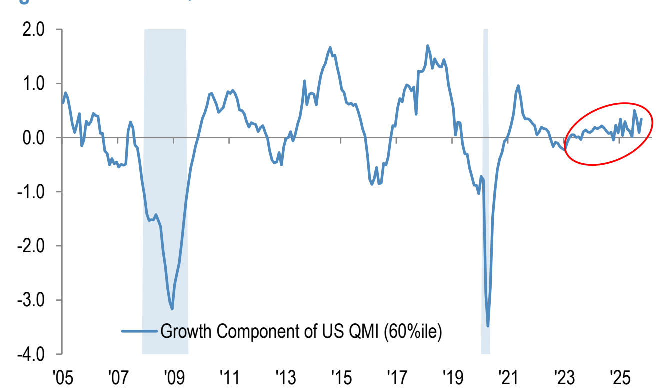
U.S. Business Cycle (QMI)

Figure 12: US QMI



Source: J.P. Morgan Equity Strategy and Quantitative Research.

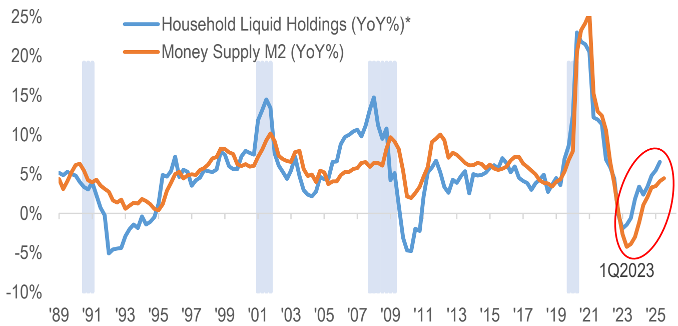
Figure 13: Growth QMI



Source: J.P. Morgan Equity Strategy and Quantitative Research.

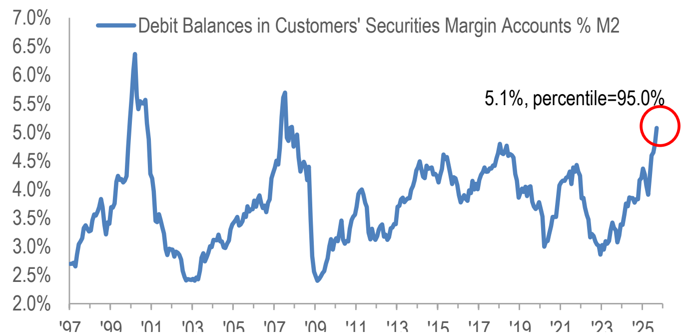
Diminishing Liquidity

Figure 14: Robust Growth in Household Liquidity and Broad Money Supply



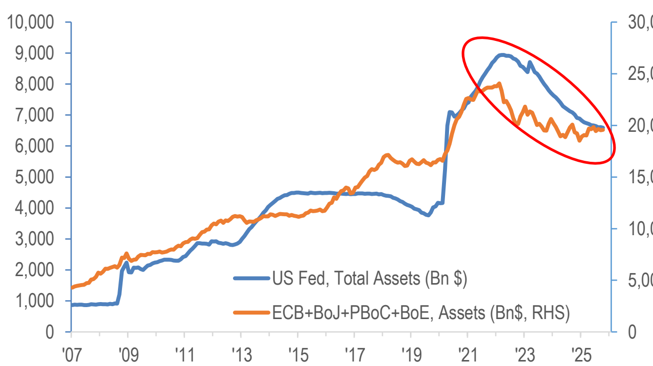
*Currency + (Foreign, Checkable, Time, Savings) Deposits + Money Market Funds Held by Households
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 15: Borrowing on the Margin: Liquidity Stretched



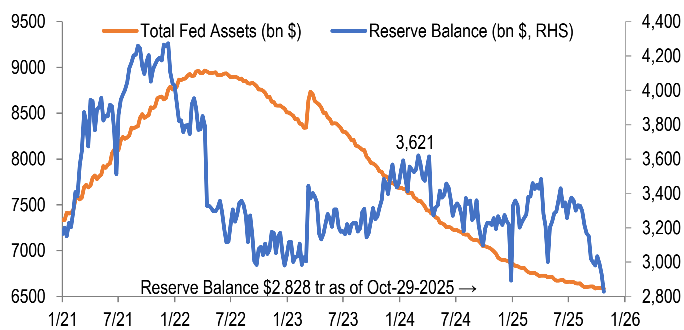
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 16: Downward Trend in Central Bank Assets after Peaking 1Q2022



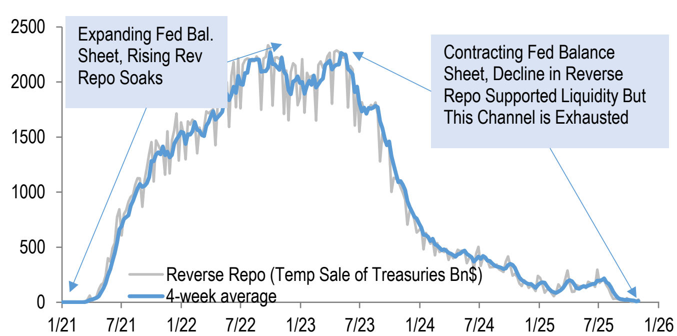
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 17: Reserve Balances Did Not Contract in Sync with QT after mid-2022 But Are Now at Lowest Level



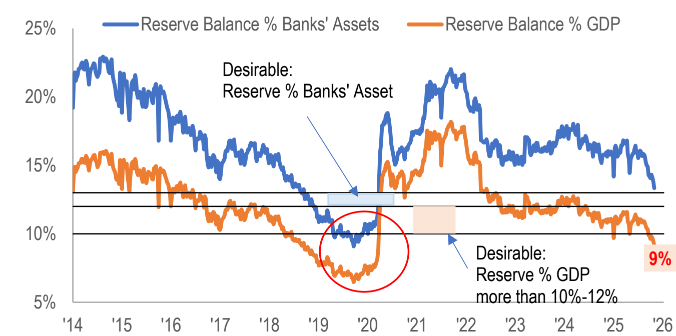
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 18: Declining Reverse Repo Helped Support Reserve Balances, But That Channel is Now Exhausted



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 19: Measures Tracking Reserves relative to Commercial Bank Assets and GDP are at or Close to Alert Levels



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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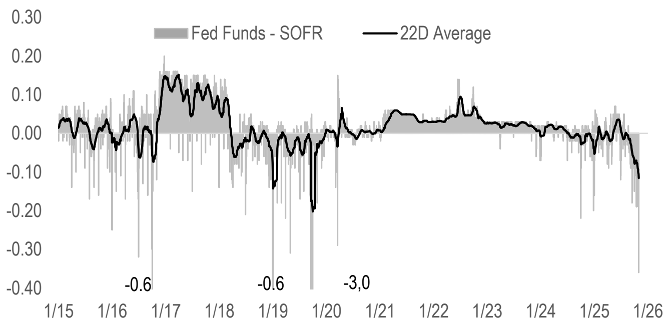
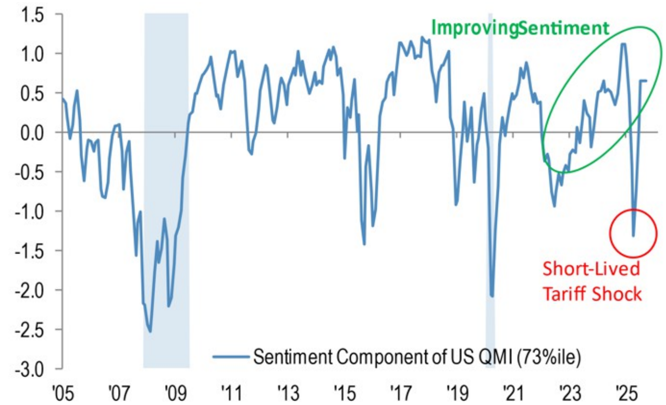
Figure 20: Overnight Funding Rate vs. Fed Funds



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 21: Improving Sentiment since 2022, a Reversal in Sentiment Poses an Indirect Risk to Liquidity



Source: J.P. Morgan Equity Strategy and Quantitative Research.

S&P 500 Fundamentals

Figure 22: S&P 500 Consensus Estimates

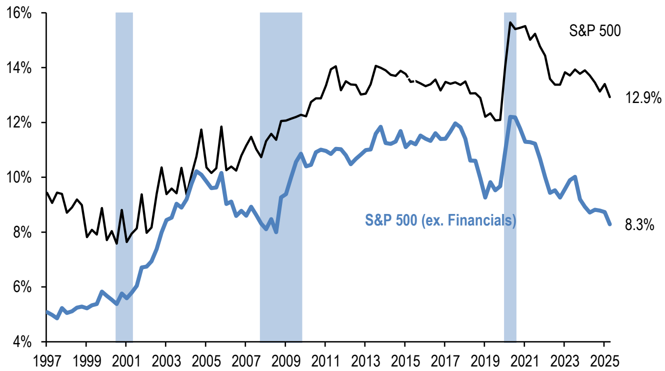
y/y growth, market cap $ in billion

	Market Cap		Sales Growth				Sales Growth		Net Inc. Margin (Avg Last 4Qs)				Net Income Growth				Net Inc. Growth		Valuation — PE	
	Index Weight	Current	2026/1C	2026/2C	2026/3C	2026/4C	2025	2026	2024	2025	2026	Delta	2026/1C	2026/2C	2026/3C	2026/4C	2025	2026	2025	2026
Energy	3%	$1,680	-2.7%	0.0%	-2.9%	3.8%	-1.7%	**-0.5%**	9.2%	7.9%	8.5%	**0.6%**	3%	13%	5%	13%	-8%	**8%**	16.7x	15.4x
Materials	2%	$962	4.7%	1.2%	2.3%	6.2%	2.0%	**3.6%**	10.1%	10.1%	11.1%	**1.0%**	21%	13%	12%	28%	1%	**18%**	21.6x	18.3x
Industrials	8%	$4,695	5.3%	5.3%	6.0%	7.0%	4.4%	**5.9%**	10.4%	10.9%	10.9%	**0.0%**	5%	13%	13%	18%	3%	**12%**	25.6x	22.8x
Discretionary	10%	$6,240	8.5%	6.6%	5.6%	7.6%	5.0%	**7.0%**	9.1%	9.6%	9.4%	**-0.2%**	6%	8%	6%	20%	4%	**10%**	30.2x	27.4x
Staples	6%	$3,287	6.2%	5.7%	4.1%	3.5%	3.1%	**4.8%**	6.7%	6.5%	6.5%	**0.0%**	6%	6%	6%	9%	-1%	**7%**	23.4x	21.9x
HealthCare	10%	$5,830	6.8%	5.2%	4.5%	5.2%	9.7%	**5.4%**	7.7%	8.1%	7.9%	**-0.1%**	5%	7%	7%	15%	12%	**8%**	20.2x	18.6x
Financials	13%	$7,999	7.5%	7.3%	5.0%	5.5%	5.3%	**6.3%**	20.0%	21.3%	20.5%	**-0.8%**	20%	4%	-12%	9%	13%	**4%**	16.5x	15.9x
Technology	33%	$19,703	18.0%	16.3%	16.1%	14.6%	15.3%	**16.2%**	25.3%	27.0%	28.8%	**1.8%**	28%	28%	22%	23%	22%	**25%**	32.7x	26.2x
Communication Svcs	11%	$6,760	9.4%	8.6%	8.9%	8.9%	8.3%	**9.0%**	18.0%	20.3%	20.0%	**-0.3%**	-5%	3%	31%	14%	15%	**10%**	23.6x	21.5x
Utilities	2%	$1,356	7.7%	6.5%	10.0%	3.9%	8.4%	**7.1%**	15.2%	15.2%	15.4%	**0.3%**	8%	15%	11%	14%	6%	**12%**	20.5x	18.3x
Real Estate	2%	$1,098	7.1%	6.6%	3.6%	6.3%	6.5%	**5.9%**	16.4%	17.0%	16.5%	**-0.5%**	21%	-4%	5%	12%	2%	**8%**	38.4x	35.6x
Magnificent 7	35%	$20,641	17.9%	16.3%	14.8%	14.3%	15.6%	**15.7%**	23.7%	25.9%	26.7%	**0.8%**	17%	20%	24%	19%	22%	**20%**	33.7x	28.1x
AI Stocks	44%	$25,936	18.4%	16.6%	15.6%	14.7%	15.3%	**16.2%**	22.6%	25.2%	25.7%	**0.5%**	18%	23%	21%	21%	22%	**21%**	33.4x	27.7x
S&P 500	**100%**	**$59,611**	**7.7%**	**6.9%**	**6.1%**	**7.0%**	**6.6%**	**6.9%**	**12.8%**	**13.5%**	**13.9%**	**0.35%**	**12.5%**	**11.6%**	**9.3%**	**16.3%**	**11.1%**	**12.4%**	**24.5x**	**21.8x**
Ex-Energy	**97%**	**$57,931**	**8.5%**	**7.4%**	**6.8%**	**7.2%**	**7.3%**	**7.5%**	**8.3%**	**8.6%**	**8.8%**	**0.23%**	**12.9%**	**11.5%**	**9.5%**	**16.5%**	**12.1%**	**12.6%**	**24.9x**	**22.1x**
Ex-Magnificent 7	**65%**	**$38,970**	**6.2%**	**5.5%**	**4.8%**	**5.7%**	**5.4%**	**5.6%**	**13.1%**	**14.0%**	**14.3%**	**0.29%**	**11.1%**	**8.8%**	**4.8%**	**15.1%**	**7.9%**	**9.8%**	**21.4x**	**19.5x**
Ex-AI Stocks	**56%**	**$33,675**	**5.6%**	**5.0%**	**4.1%**	**5.2%**	**4.9%**	**5.0%**	**10.8%**	**11.3%**	**11.3%**	**0.09%**	**9.9%**	**6.6%**	**3.9%**	**13.6%**	**6.7%**	**8.3%**	**20.3x**	**18.8x**

Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

Figure 23: Cash to Total Assets

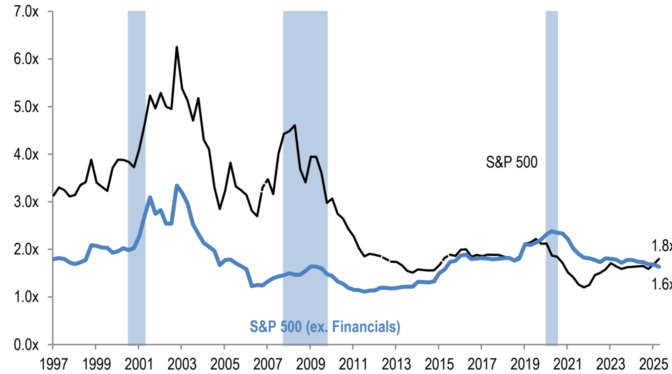
Cash to Total Assets S&P 500 and S&P 500 ex-Financials



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

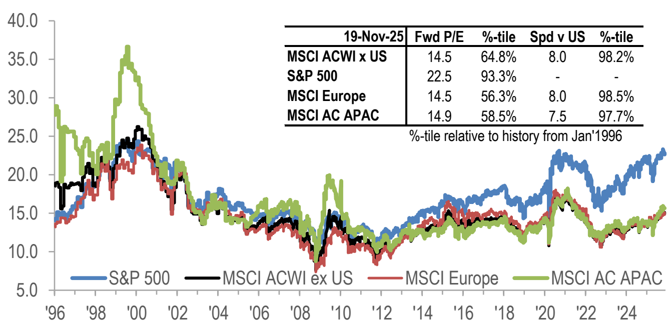
Figure 24: Net Debt to EBITDA

Net Debt to EBITDA S&P 500 and S&P 500 ex-Financials



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

Figure 25: US Valuation vs. History vs. RoW

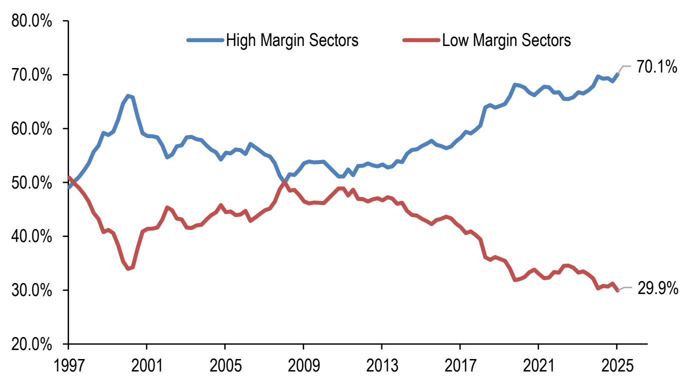


19-Nov-25	Fwd P/E	%-tile	Spd v US	%-tile
MSCI ACWI x US	14.5	64.8%	8.0	98.2%
S&P 500	22.5	93.3%	-	-
MSCI Europe	14.5	56.3%	8.0	98.5%
MSCI AC APAC	14.9	58.5%	7.5	97.7%

%-tile relative to history from Jan'1996

Source: J.P. Morgan Equity Strategy and Quantitative Research, Bloomberg Finance L.P.

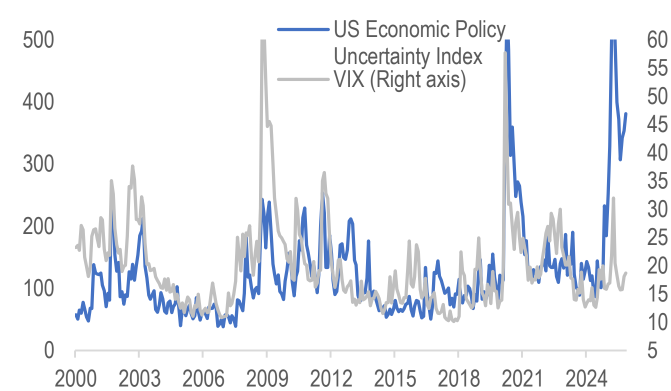
Figure 26: High-Margin Companies Dominate S&P 500 Index Weight



Source: J.P. Morgan Equity Strategy and Quantitative Research, Factset, I/B/E/S.

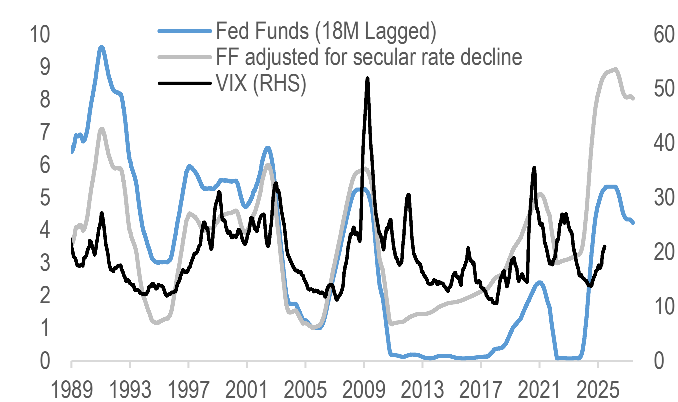
Equity Volatility

Figure 27: The surge in policy uncertainty drove higher volatility levels, but the VIX didn't fully reflect this risk most of the year



Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 28: Average VIX vs. short-term rates levels



Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

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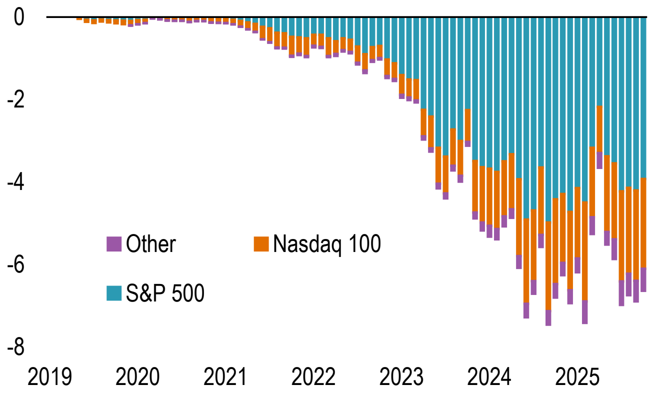
Figure 29: Gamma Supply from Option-Based ETFs

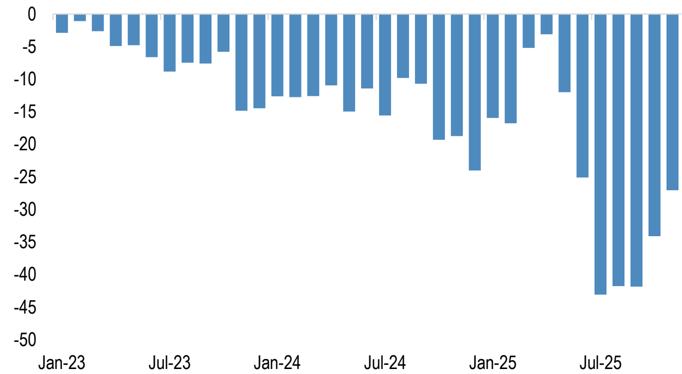
$ in billion



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 30: Gamma Supply from 0DTE Options

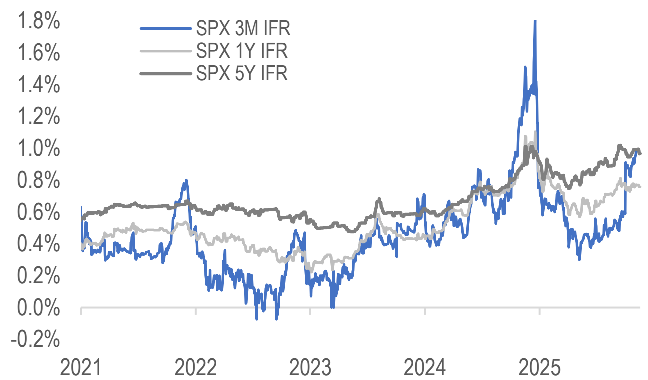
Monthly average order flow gamma imbalance (between market open and 3pm ET, average of calls and puts), $ in billion



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 31: US Equity Financing Rates Remain Rich, with the Long End Near Record Highs

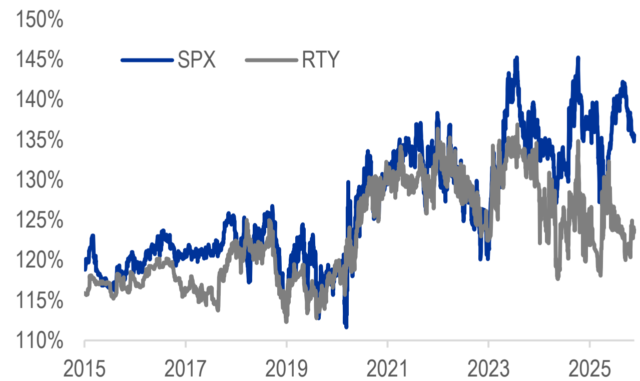
S&P 500 implied financing spreads (vs. SOFR)



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 32: Convexity Remains High Post the COVID Sell-Off

1Y Variance/AMTF Vol Ratio



Source: J.P. Morgan Equity Derivatives Strategy.

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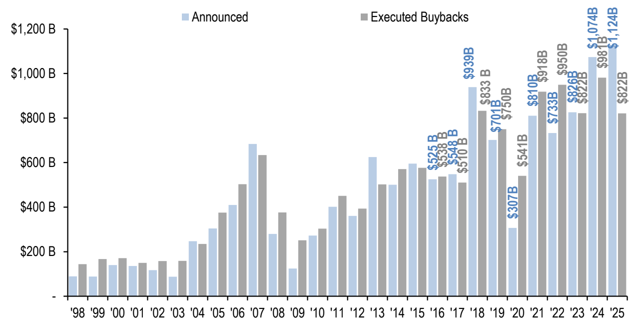
Positioning and Concentration

Figure 33: Announced vs. Realized Buybacks

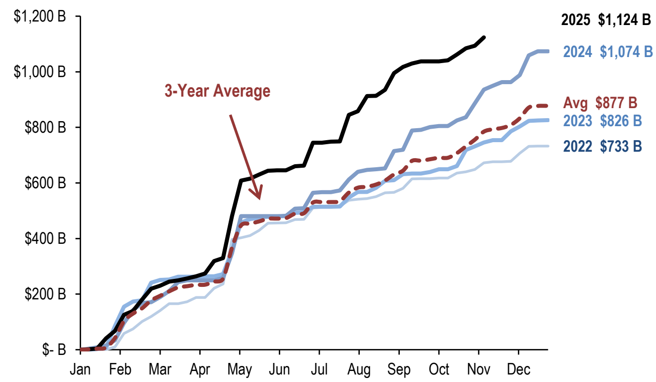
$ in billion



Source: Bloomberg Finance L.P., J.P. Morgan Equity Strategy and Quantitative Research.

Figure 34: Announced Share Repurchases

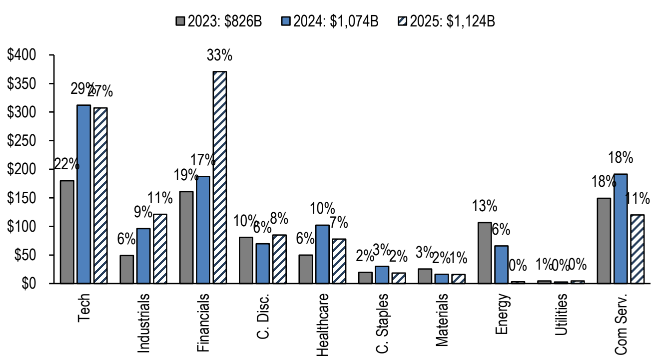
$ in billion



Source: Bloomberg Finance L.P., J.P. Morgan Equity Strategy and Quantitative Research.

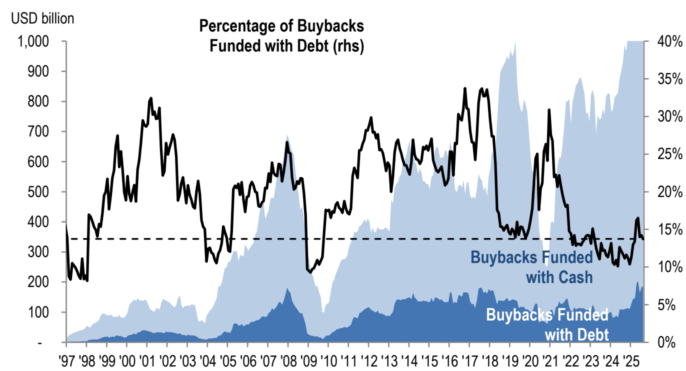
Figure 35: Repurchases By Sector

$ in billion



Source: Bloomberg Finance L.P., J.P. Morgan Equity Strategy and Quantitative Research.

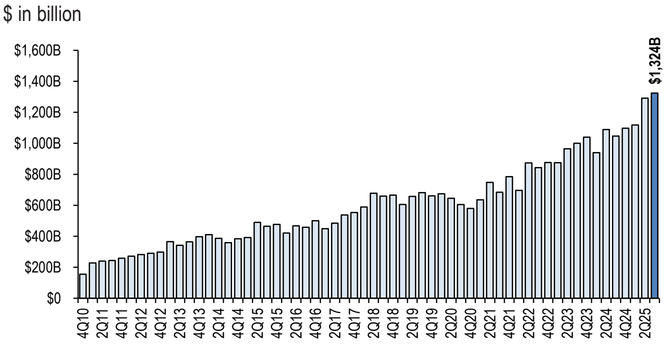
Figure 36: Sources of Funding for Buybacks



Source: Bloomberg Finance L.P., J.P. Morgan Equity Strategy and Quantitative Research.

Figure 37: Buybacks Announced but Not Executed at Record $1.3T

$ in billion



Source: Bloomberg Finance L.P., J.P. Morgan Equity Strategy and Quantitative Research.

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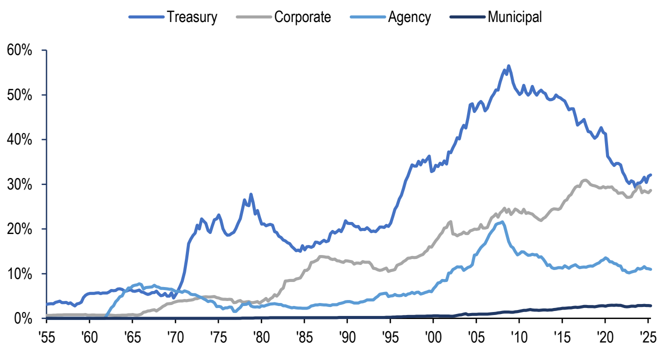
Foreign Ownership

Figure 38: Foreign Ownership of U.S. Fixed Income Assets

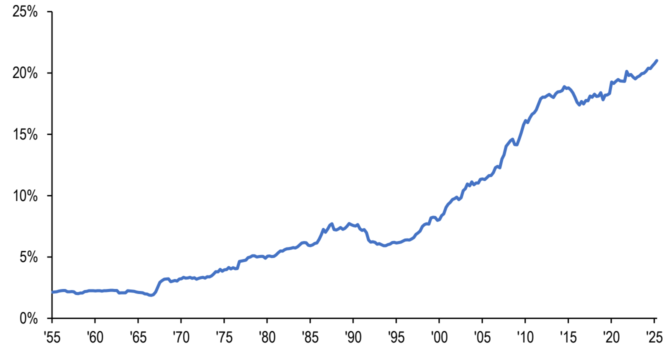
%, Q1/1955-Q2/2025, quarterly.



Source: Board of Governors of the Federal Reserve System, J.P. Morgan Equity Strategy and Quantitative Research.

Figure 39: Foreign Ownership of U.S. Corporate Equities

%, Q1/1955-Q2/2025, quarterly.



Includes public equities, private/closely-held equities, ETFs. Excludes mutual fund shares.
Source: Board of Governors of the Federal Reserve System, J.P. Morgan Equity Strategy and Quantitative Research.

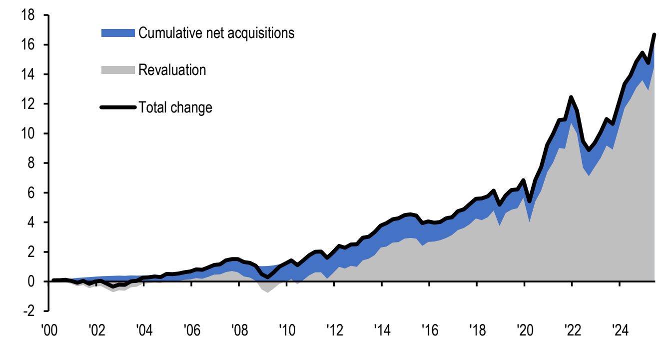
Figure 40: U.S. Capitalization Share of Global Equities

%, 12/1969-10/2025, monthly.

Derived from capitalization of MSCI USA against MSCI World and ACWI.
Source: Board of Governors of the Federal Reserve System, J.P. Morgan Equity Strategy and Quantitative Research.

Figure 41: Growth in Foreign Holdings of US Corporate Equities

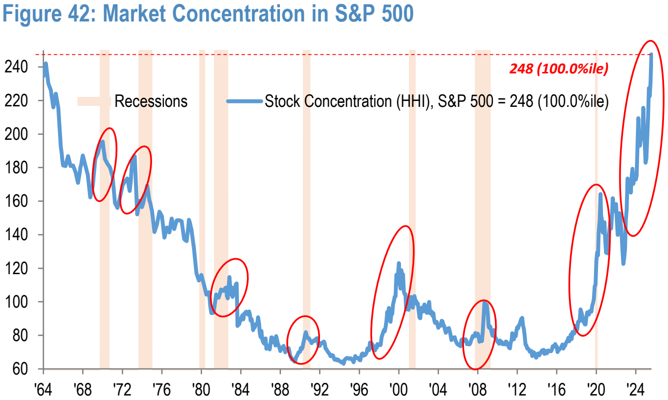
$ in trillions, Q1/2000-Q2/2025, quarterly. Changes relative to end of Q4/1999.



Includes public equities, private/closely held equities, ETFs. Excludes mutual fund shares.
Source: Board of Governors of the Federal Reserve System, J.P. Morgan Equity Strategy and Quantitative Research.

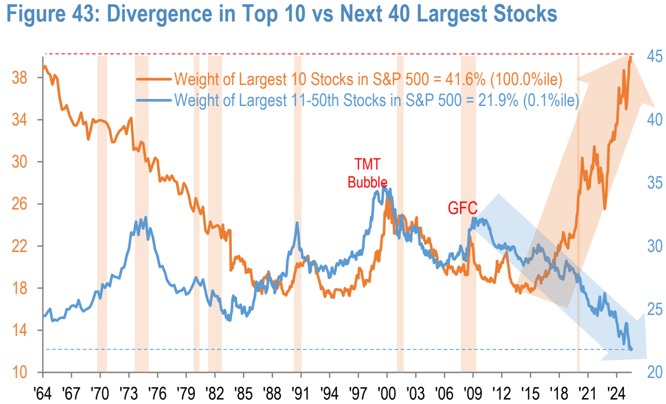
Narrowing Leadership and Market Concentration

Figure 42: Market Concentration in S&P 500



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 43: Divergence in Top 10 vs Next 40 Largest Stocks



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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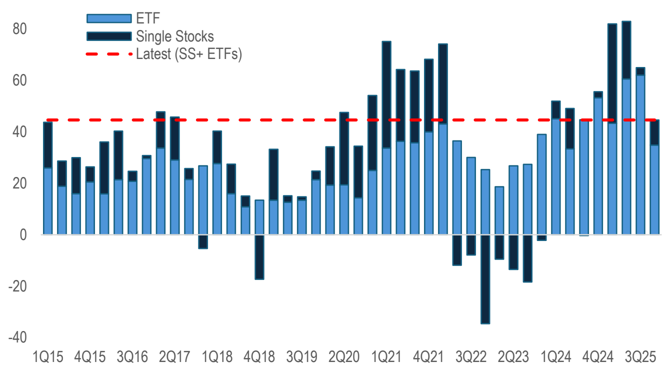
Retail Activity

Figure 44: ~75% of retail's dollars this year went to ETFs

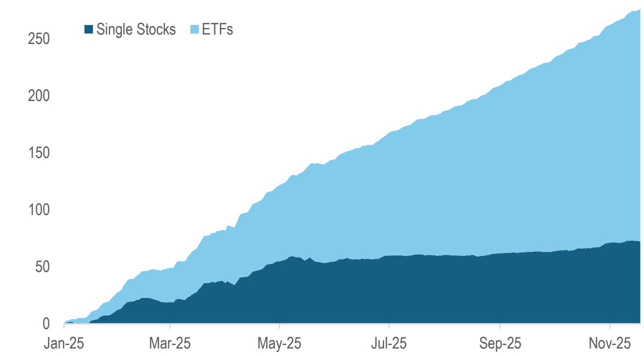
Retail Quarterly Activity ($B)



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 45: Single Stocks Purchases stopped growing in May

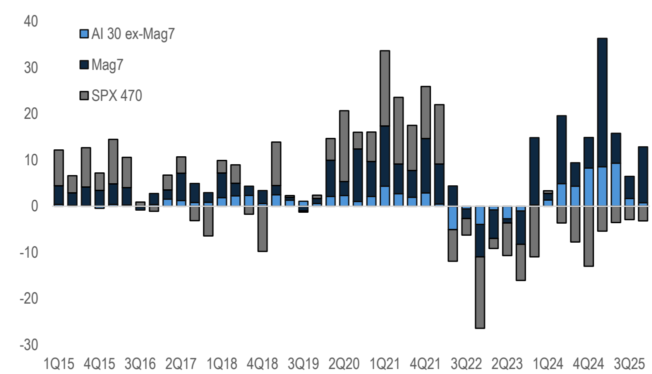
Cumulative Retail Imbalance, $B



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 46: Retail Investors funded their AI purchases by selling SPX 470 this year

Retail Quarterly SPX Activity ($B)



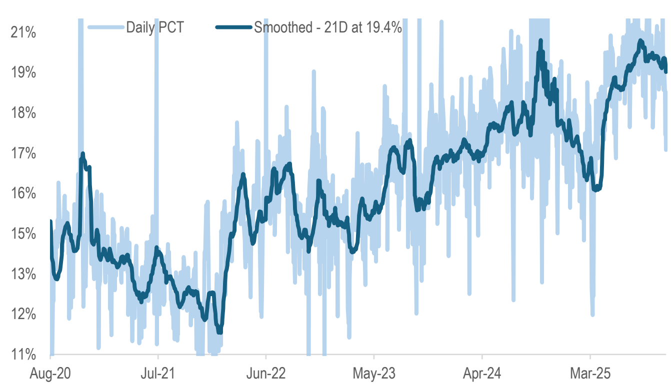
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 47: Mag 7 + 1 emerged as clear winners in the buy-the-dip episodes of Jan-Apr—particularly NVDA and PLTR

Mag 7 + 1: Cumulative Net Bought ($B)

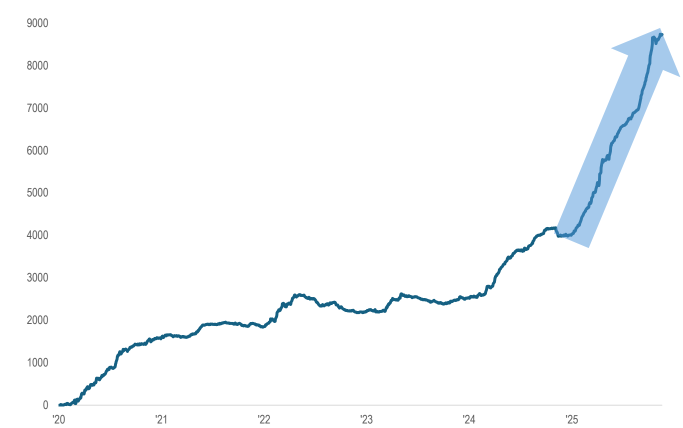
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 48: Retail Option Trading Volume Share



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 49: Retail Investors Bought as Much GLD in 2025 as in the Previous 5 Years



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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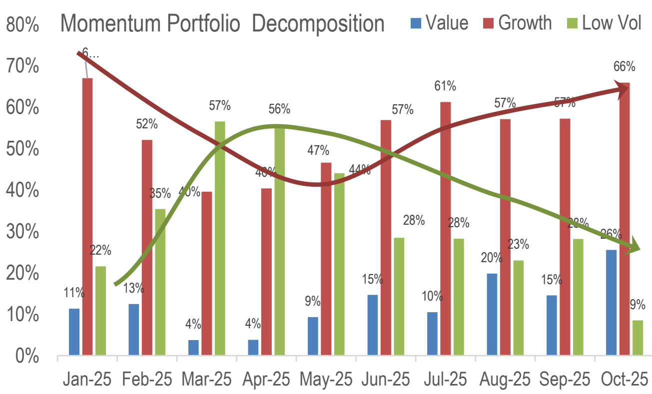
Update on U.S. Momentum & Crowding

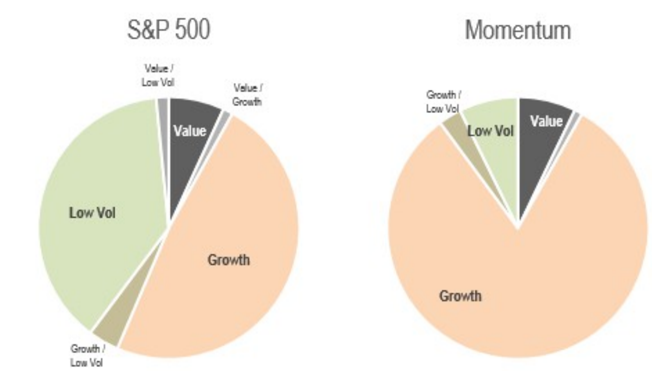
Figure 50: Momentum Composition Change YTD



Source: J.P. Morgan Equity Strategy and Quantitative Research.

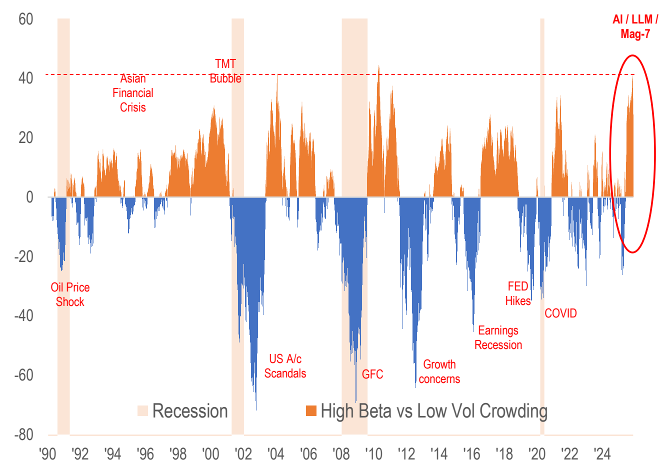
Figure 51: Momentum and S&P 500 Composition

By Market Cap Weight



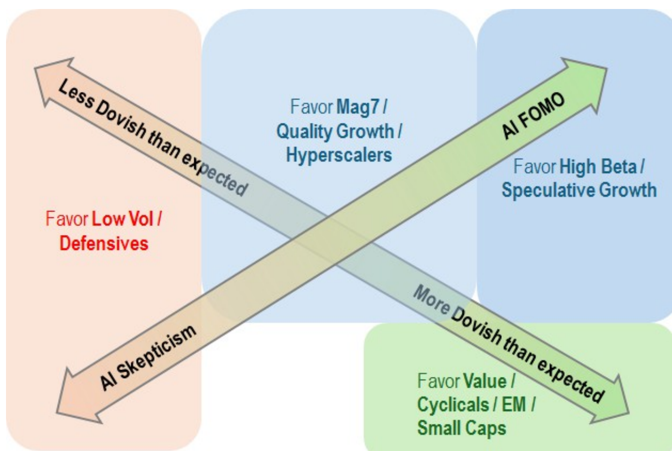
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 52: High Beta vs Low Vol Divergence



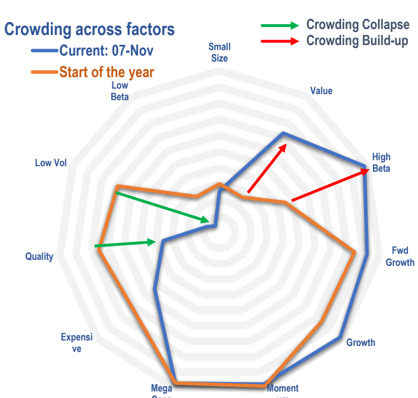
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 53: Summarized Style views



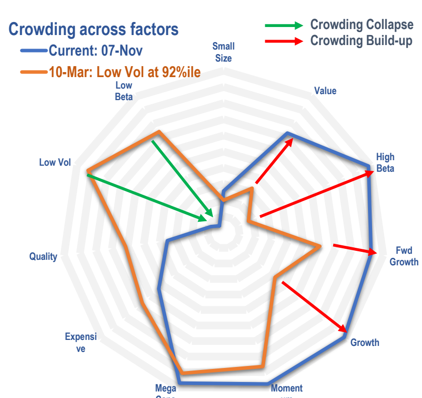
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 54: Crowding: Now vs Jan Extreme



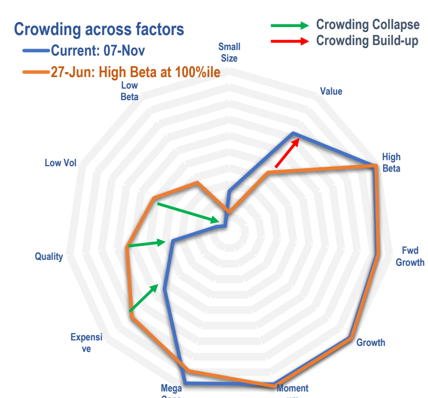
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 55: Crowding: Now vs Mar Extreme



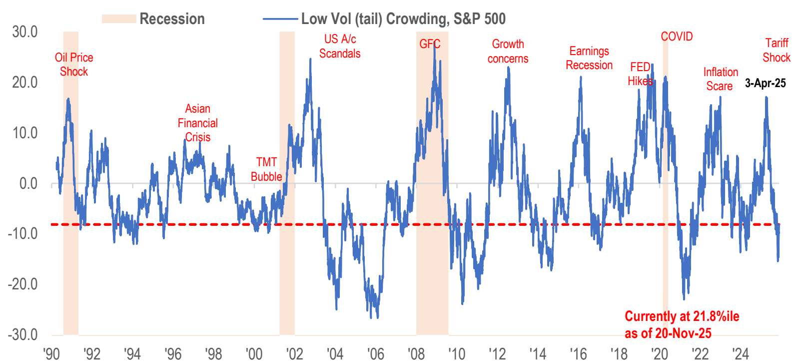
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 56: Crowding: Now vs Jul Extreme



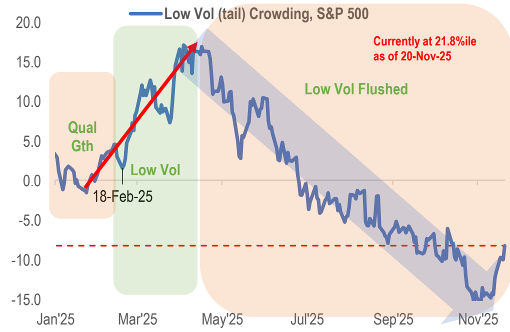
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 57: Low Vol Crowding



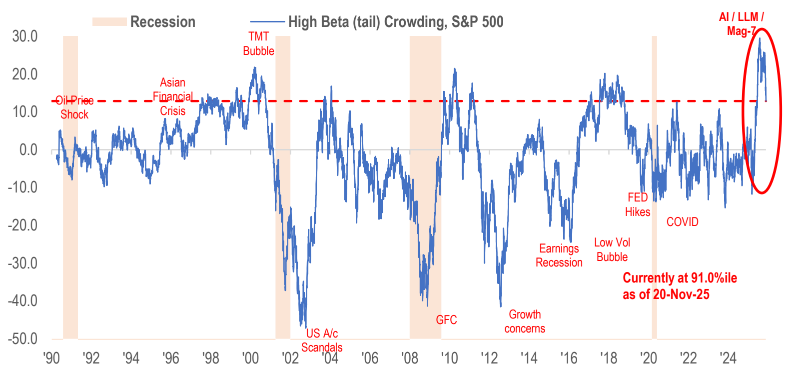
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 58: … more recently



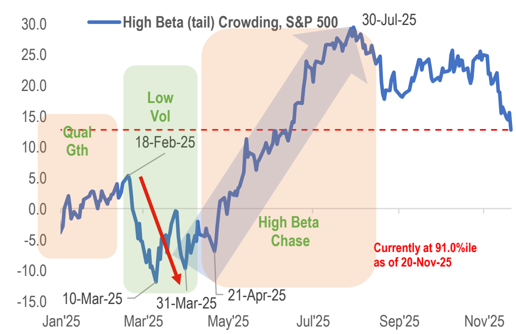
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 59: High Beta Crowding



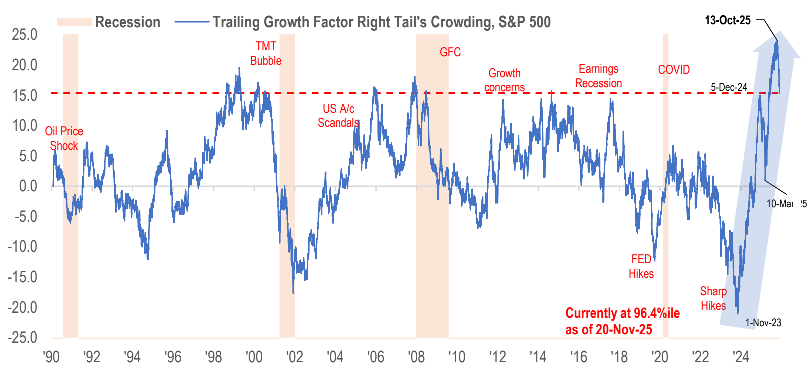
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 60: … more recently



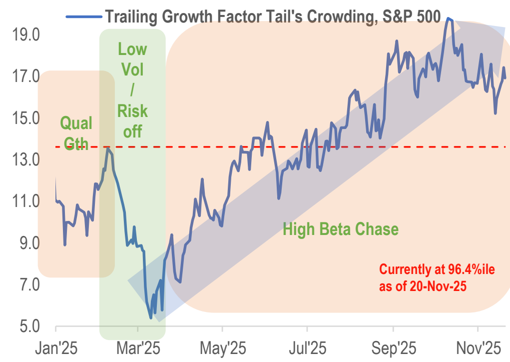
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 61: Trailing Growth Crowding



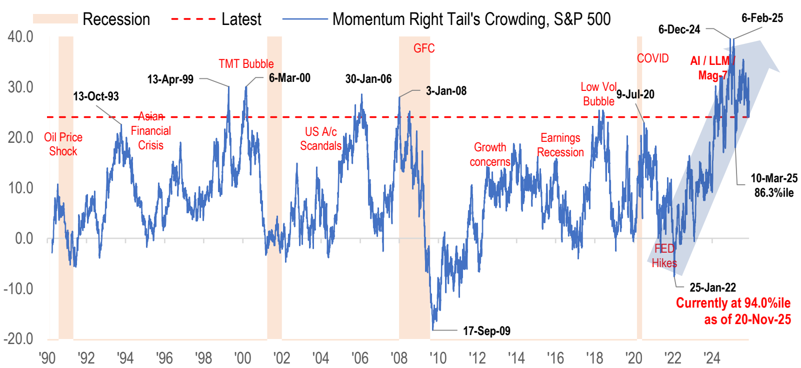
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 62: … more recently



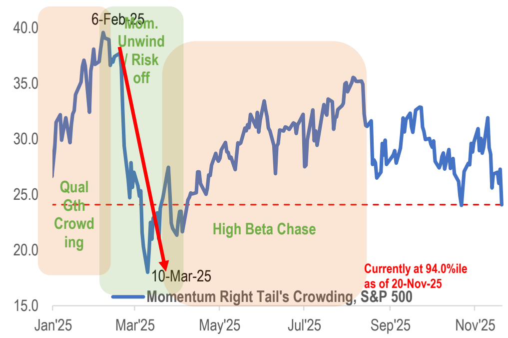
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 63: Momentum Crowding



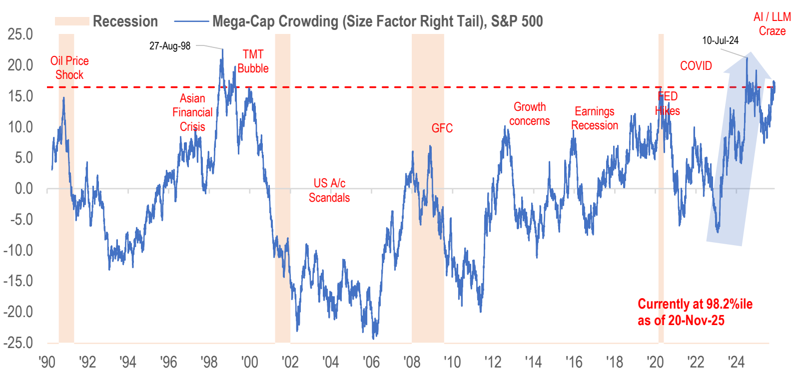
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 64: … more recently



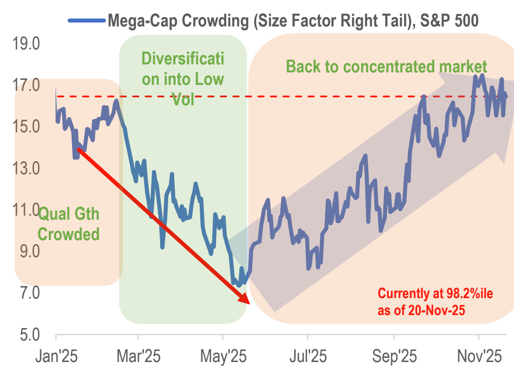
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 65: Mega Caps Crowding



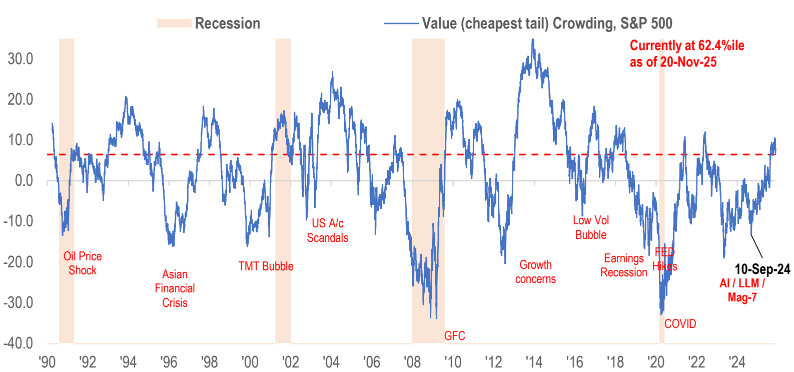
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 66: … more recently



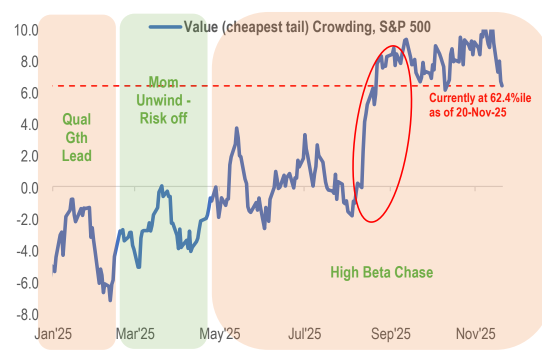
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 67: Value Crowding



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 68: … more recently



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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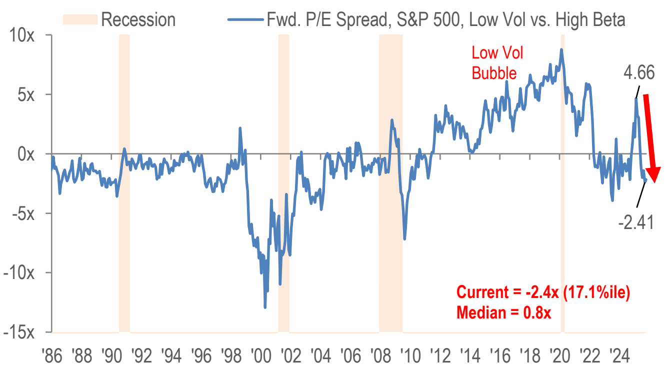
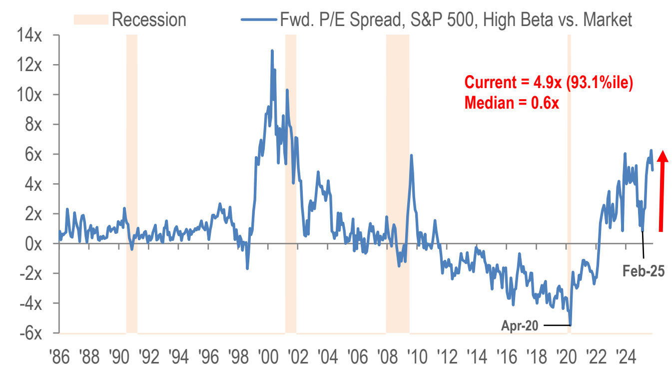
Moves in Style Valuations

Figure 69: Low Vol vs High Beta - PE Spreads



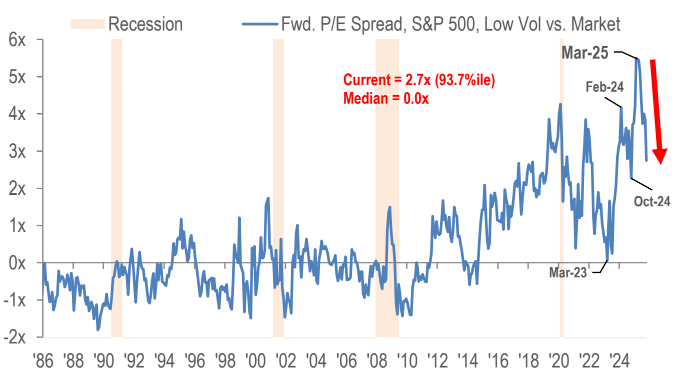
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 70: High Beta vs Market - PE Spreads



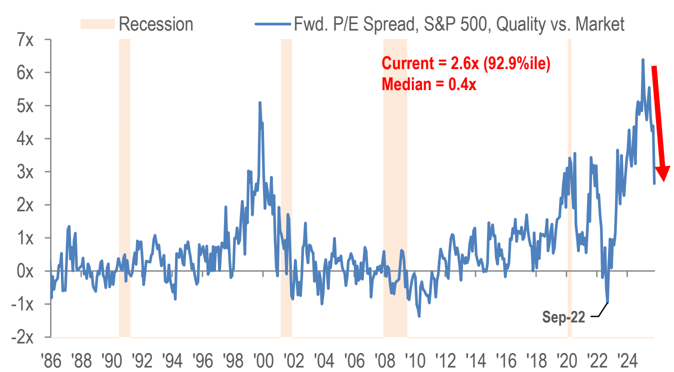
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 71: Low Vol vs Market - PE Spreads



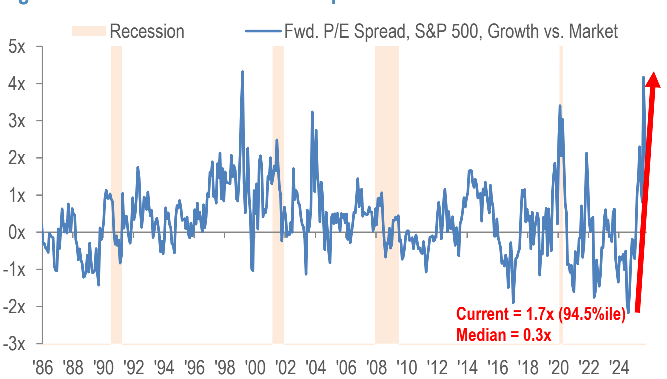
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 72: Quality vs Market - PE Spreads



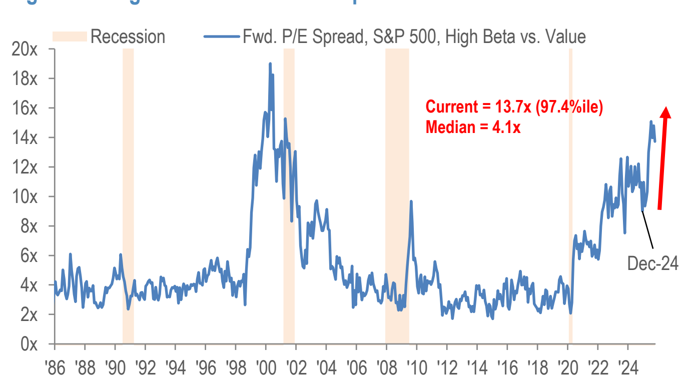
Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 73: Growth vs Market - PE Spreads



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 74: High Beta vs Value - PE Spreads



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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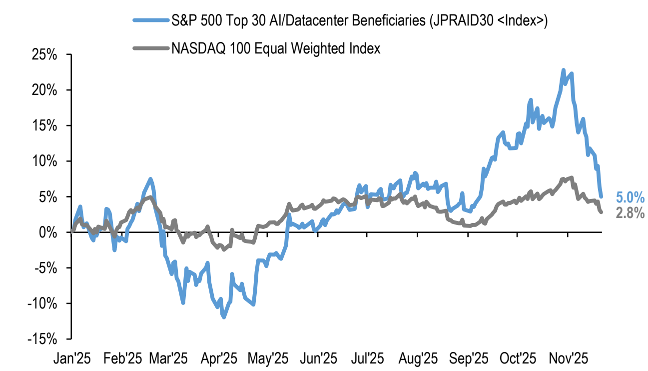
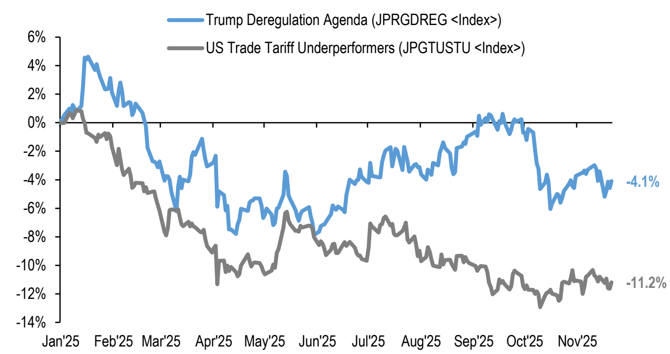
Thematic Baskets Performance

Figure 75: S&P 500 Top 30 AI/Datacenter Beneficiaries vs. S&P 500 (EW)



Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

Figure 76: Trump Deregulation Beneficiaries and US Trade Tariff Underperformers vs. S&P 500 (EW)

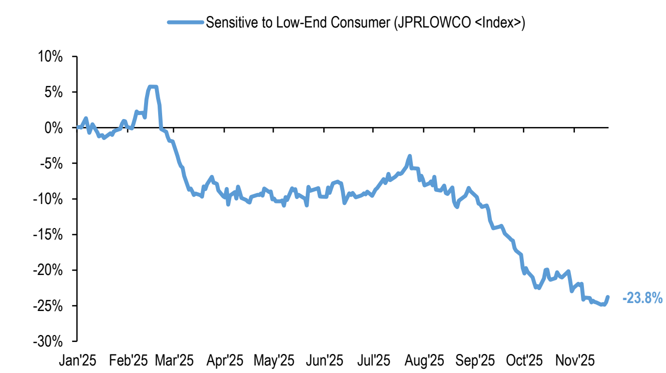


Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

Figure 77: Global Strategic Resources (Rare Earths + Uranium) vs. MSCI World

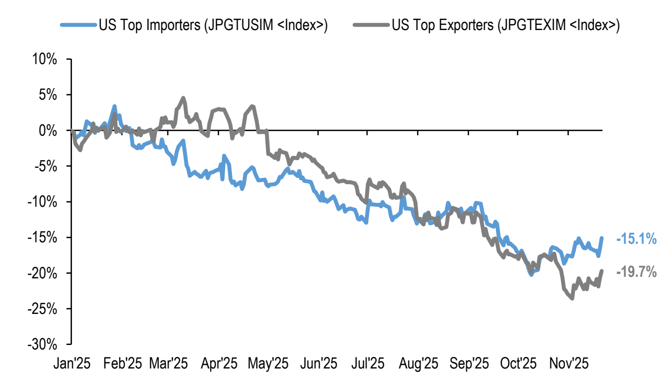
Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

Figure 78: Low-End Consumer Sensitive Companies vs. S&P 500 (EW)



Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

Figure 79: US Top Importers and Exporters vs. S&P 500



Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

Figure 80: Global Tariff Underperformers – Performance from Presidential Election to Current

			Presidential Election to Liberation Day to Current (USD Perf.)		
Name	Ticker	Number of Constituents	US Election (11/5/24) to Liberation Day (4/2/25)	Liberation Day (4/2/25) to Current	US Election (11/5/24) to Current
S&P 500		**500**	**(1.4%)**	**19.2%**	**17.5%**
US Top Importers	JPGTUSIM INDEX	31	(8.3%)	7.1%	(1.8%)
US Top Exporters	JPGTEXIM INDEX	23	(6.7%)	(5.9%)	(12.2%)
US Trade Tariff Underperformer	JPGTUSTU INDEX	62	(11.8%)	5.5%	(7.0%)
Japan Trade Tariff Exposed	JPRJPTAR INDEX	10	0.1%	4.6%	4.7%
Australia Trade Tariff Exposed	JPRAUTAR INDEX	7	(15.3%)	16.4%	(1.4%)
Europe Trade Tariff Exposed	JPREUTAR INDEX	19	(7.0%)	1.8%	(5.3%)
DM ex US Trade Tariff Exposed	JPRDMTAR INDEX	36	(6.8%)	3.8%	(3.2%)
China Trade Tariff Exposed	JPRCNTAR INDEX	6	5.3%	4.7%	10.3%
North Asia Trade Tariff	JPRNATAR INDEX	8	(15.3%)	9.7%	(7.0%)
ASEAN Trade Tariff Exposed	JPRASTAR INDEX	8	(23.9%)	43.9%	9.5%
Mexico Trade Tariff Exposed	JPRMXTAR INDEX	10	(3.9%)	11.2%	6.8%
LatAm ex. Mexico Trade Tariff	JPRLATAR INDEX	7	0.2%	6.0%	6.2%
EM Trade Tariff Exposed	JPREMTAR INDEX	39	(8.0%)	12.3%	3.4%

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P.

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Cross-Regional / Europe Outlook

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We look for positive equity performance in 2026, supported by an improving growth-inflation mix. On one side, **U.S. growth is set to stay resilient** next year, and especially the AI capex component. Alongside this, China could show green shoots of recovery in private sector, after years of slowing, and Eurozone activity momentum is likely to improve, as well, aided by better credit impulse and the rollout of fiscal stimulus. At the same time, subdued Brent, declines in services inflation, softening wage growth, and the potential unwinding of some tariff headwinds suggest that monetary policy, inflation, and bond yields may remain relatively dovish.

We reiterate our **Overweight stance on EM versus DM**, having turned bullish on EM earlier this year, after a prolonged period of caution. EM equities are still under-owned, trade at a significant valuation discount to DM, US dollar might not move up much, EM central banks are still easing policy, and trade headwinds - particularly those related to China - could be receding. Within EM, **we highlight China, whose increasing policy support and improving liquidity should begin to translate into better activity data**, and this in turn stands to support both direct and indirect EM exposures. We note recent upgrades to China's growth outlook, with our economists now expecting GDP growth in the "4 handle" for 2026, and see scope for further upside as policy stimulus gains traction. Despite very encouraging performance this year of EM and Chinese equities, they remain attractively valued and under-owned, and we believe the combination of improving macro momentum, rising domestic liquidity, and a shift in households asset allocation toward equities should support a sustained recovery. Additionally, EM earnings growth is expected to accelerate to 18% in 2026, outpacing DM, and the group remains attractively valued at 13.4x 12m Fwd P/E.

With respect to Eurozone, post the start of the year rally, we argued since March that the region was likely to stall, with no rebound in earnings coming through, and a number of headwinds still needed to be worked out. The region's equities have indeed lagged since March, with Eurozone earnings recording another down year, but we believe the outlook is better for 2026. Headwinds from tariffs and from French political uncertainty have been worked through and we think are now largely behind us. On the positive side, the following catalysts could come into play: **German fiscal stimulus is set to ramp up**, Russia-Ukraine ceasefire could become more probable again and Eurozone credit impulse is turning positive. The region also stands to benefit from an improving China backdrop. Consensus is forecasting 15% EPS growth for next year, but a chunk of this is base effects influenced, with median stock forecast by consensus at 10%, which is more realistic. While potentially not surpassing the consensus, we think that Eurozone earnings will grow nicely next year, at 13%+, driven by stronger operating leverage, less FX and tariff headwinds, easier comps, and better financing conditions. We find investors understandably skeptical regarding European prospects, given past form, but this is a good starting point, one of cautious expectations and relatively low valuations, with scope for upside surprises. Within the region, we **favour a rotation out of periphery (Italy, Spain) and into core markets, especially France**, which has lagged significantly and stands to benefit from any reduction in political risk.

Japanese equities have delivered a very strong run since April, making new all time highs, supported by robust earnings, ongoing corporate governance reforms, and a favourable domestic policy backdrop. We think that many positives remain: TSE's push for higher ROEs, accelerating buybacks, improving wage growth and more policy

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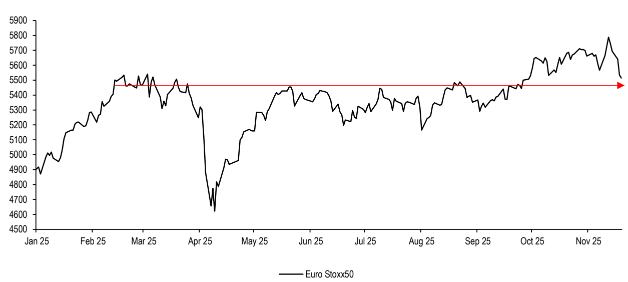
stimulus. However, performance has been strong, valuations are richer, and FX is likely to take away from total return for global investors as the JPY potentially weakens. We have been OW Japan in 2025, and think a **Neutral regional stance might be more appropriate in 2026**.

Sectorwise, we think that in International portfolios there is likely to be some rotation between winners and losers. While we were cautious on China exposure and on exporters for 2025, we believe investors should be adding to China-sensitive plays for 2026, and that exporters will trade better. Defense was one of our top picks in both 2024 and 2025; while the fundamental outlook for the group remains constructive, we do not expect it to provide continued outsized gains, as there will likely be a broadening participation and more sources of activity uplift. Stylewise, we entered 2025 with more Value tilt Internationally, and believe **Value could stay preferred vs Growth in 2026**.

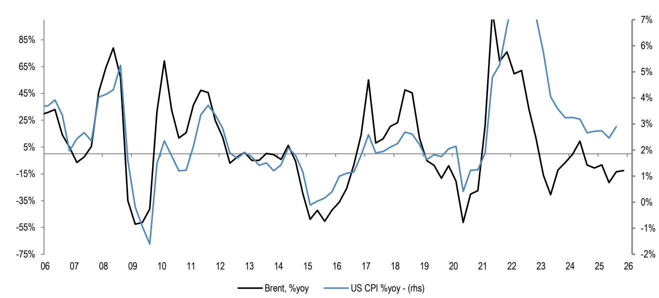
In terms of themes for 2026, Chinese internet stocks likely offer further upside. In Eurozone, the ramp-up in fiscal spending, particularly in Germany, should provide a meaningful boost to sectors leveraged to capex, construction, and industrial modernization, with select **Industrials and Construction Materials well positioned to capture this tailwind**. Additionally, we see scope for a rebound in the European consumer, as real incomes recover, savings rates are elevated, and inflation pressures moderate, supporting **renewed strength in Consumer Discretionary**. We believe Cyclicals will likely outperform next year as growth trends firm. We also see an opportunity for exporters relative to domestically focused companies, particularly in the Eurozone and UK, but also in Japan. Exporters have lagged significantly due to FX headwinds and trade uncertainty, but these pressures are now fading. A stabilization in the dollar, combined with improving global demand and a more supportive China backdrop, should allow exporters to outperform.

Figure 81: Euro Stoxx50 YTD Performance



Source: Bloomberg Finance L.P.

Figure 82: Brent vs. U.S. CPI



Source: J.P. Morgan, Bloomberg Finance L.P.

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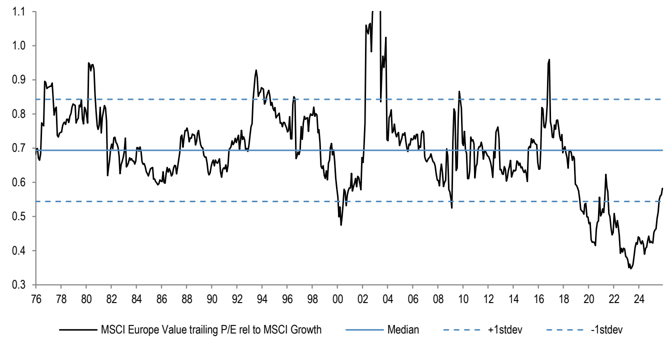
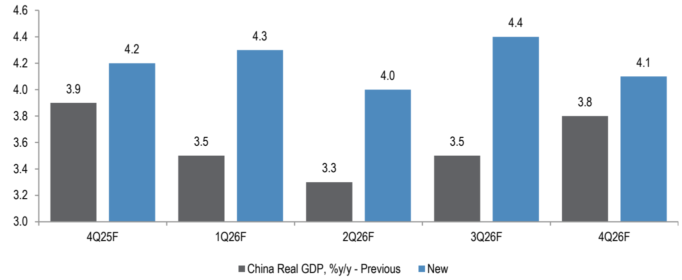
Figure 83: MSCI Europe Value Trailing P/E Relative to MSCI Growth



Source: Datastream.

Figure 84: China Real GDP - Old and New



Source: J.P. Morgan.

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Japan Equity Outlook

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Sanaenomics (Abenomics 2.0) and Corporate Reform Lead Japan's Equity Uptrend

Japan's equity market is expected to continue its upward trend in 2026, driven by ongoing corporate reforms and the economic stimulus from the new Takaichi administration's "Sanaenomics" (Abenomics 2.0), launched in October. Our end-2026 targets are TOPIX at 3,750 (EPS +14% YoY versus FY2025 IBES consensus, PER 16x, ROE 10%) and Nikkei at 55,500 yen (Figure 85). Corporate earnings are normalizing after last year's tariff impact, and we expect increased investment and productivity under the new government to further drive growth. EPS is projected to grow by approximately 16% over FY2025–26, maintaining a growth trajectory consistent with the 7Y CAGR of 8% (Figure 87). As the economy normalizes, household consumption will recover, boosting EPS for domestic sectors. Improved profit margins and the release of surplus cash from balance sheets will lift ROE, creating new momentum. Japan's potential growth rate is projected to reach 1% by 2030, driven by higher productivity and increased capital stocks (Figure 88). We see TOPIX reaching 4,000 and Nikkei 60,000 by mid-2027, with 2026 as a key step towards these milestones.

On the macro front, resilient U.S. growth and U.S.-Japan monetary policy have eased yen appreciation pressures, creating a positive environment for Japanese equities. Domestically, Sanaenomics focuses on two pillars: (1) measures against rising prices (inflation control and consumer demand stimulus), and (2) strategic investment in risk management sectors such as AI semiconductors, defense, energy, and security. These policies are expected to stimulate corporate investment, government spending, and personal consumption, driving further economic normalization and supporting the equity market. Despite headwinds from tariffs and yen strength in early 2025, Japanese equities delivered the strongest performance among developed markets, supported by corporate reforms, corporate resilience to tariff impact, and expectations for the new administration's policies. Much of the policy impact is yet to be priced in, leaving significant upside for 2026. While bond and FX markets are watching medium-term fiscal consolidation, we expect the coalition government to maintain a credible path to fiscal health, as our main scenario.

We believe Japan's market will continue to grow steadily, driven by ongoing domestic structural reforms, even if risks such as overinvestment in U.S. big techs, a potential U.S. economic slowdown, and global market uncertainties will remain in 2026. In our medium-term outlook, we expect relentless corporate reform to be the main driver, and in August we projected the Nikkei to reach 60,000 by end-2028 (report). With the economic stimulus from Sanaenomics, we now bring this target forward by one year. Japanese companies' cash-to-total assets ratio is double that of their western peers (Figure 89). Unlocking non-productive surplus cash will be a key theme in 2026's corporate governance reforms. Through revisions to the governance code, surplus funds on corporate balance sheets are expected to flow into investment, wage hikes, and shareholder returns, creating significant new corporate value. We forecast TOPIX ROE to exceed 10% by end-2026 and reach 11% in 2027 (Figure 90).

In terms of allocation, we favor stocks benefiting from yen weakness under Sanaenomics, especially those exposed to external demand. Key themes include defense

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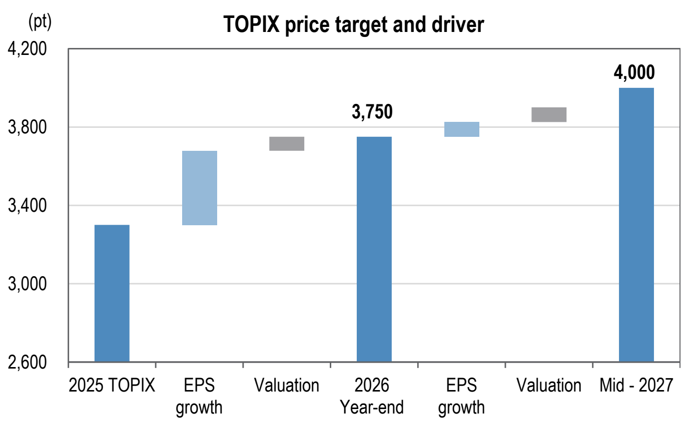
(with a new five-year plan due in FY26), AI semiconductors (electronics stocks building AI infrastructure), and nuclear energy (boosting energy self-sufficiency). Consumer stocks should rebound as inflation measures and lower oil prices revive private consumption. Financials lost momentum after the new administration took office, but we expect renewed appeal as moderate yen weakness sustains the rate hike cycle and robust corporate investment drives loan demand.

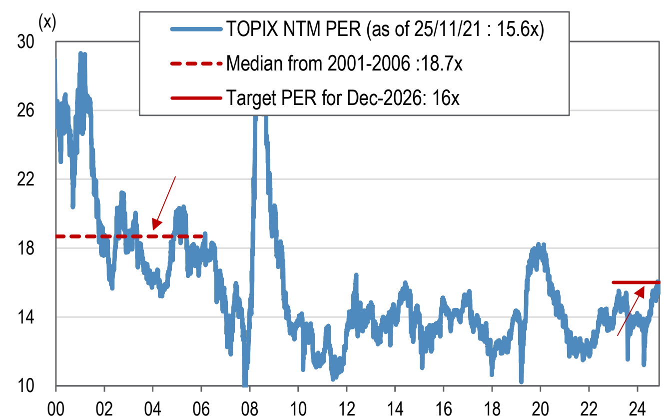
Major risks would be excessive yen depreciation (165 USDJPY at the end of FY2026 would be a breakeven for real income growth) and a sharp rise in long-term interest rates (2.5-3.0% JGB10Y rate would be a breakeven for regional banks' capital adequacy). Rising Japan-China tensions in November could escalate into trade friction and, if prolonged, exert downward pressure on the economy and equity market. However, as noted, favorable macro conditions, strong corporate fundamentals, powerful policy support, ongoing structural reforms, and steady retail inflows via NISA should keep geopolitical risks as temporary headwinds. This remains our main scenario for 2026.

Figure 85: TOPIX price target



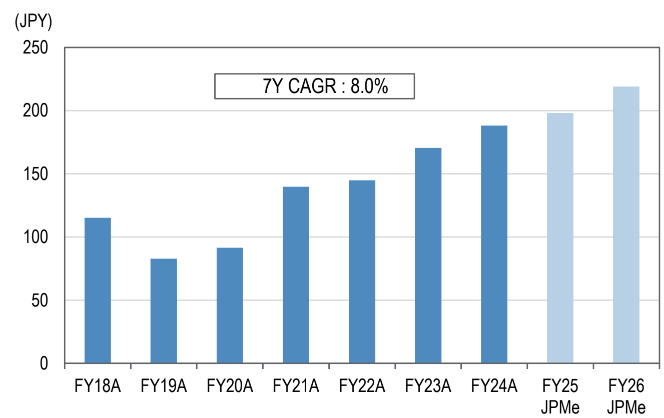
Source: J.P. Morgan.

Figure 86: TOPIX target PER



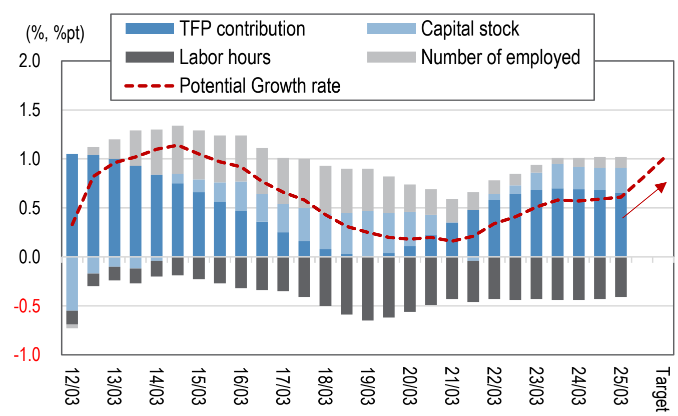
Source: Bloomberg Finance L.P., J.P. Morgan Japan Equity Strategy team estimates.
Note: NTM PER is IBES consensus.

Figure 87: TOPIX EPS growth rate



Source: Datastream, J.P. Morgan estimates.
Note: CAGR is calculated from FY2018 to FY2025.

Figure 88: Japan's potential growth rate and breakdown



Source: Bank of Japan, Bloomberg Finance L.P., J.P. Morgan.

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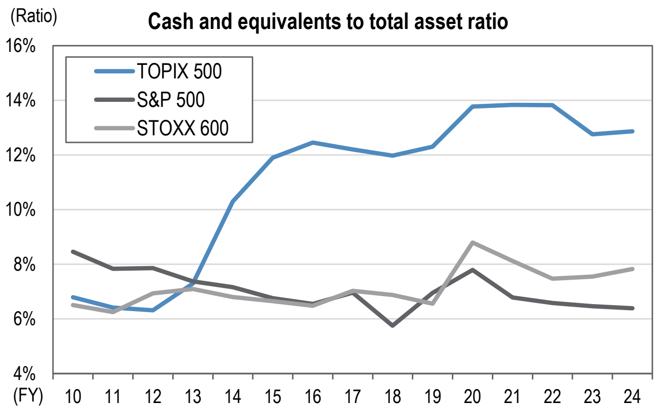
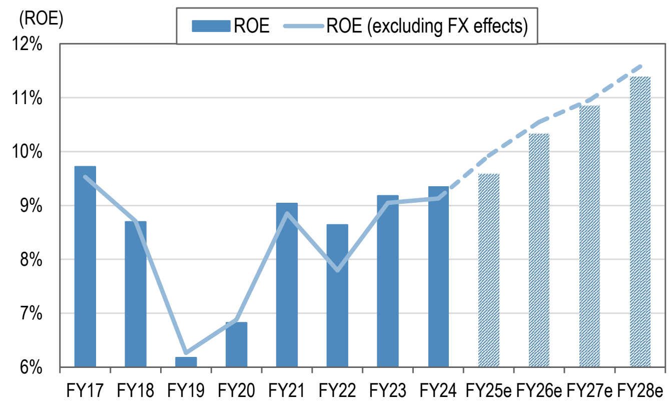
Figure 89: Japanese companies cash amounts versus US and Europe



Source: Bloomberg Finance L.P., J.P. Morgan.
Note: Excludes financials.

Figure 90: TOPIX index ROE



Source: Bloomberg Finance L.P., J.P. Morgan estimates.
Note: Data through FY24 are actual figures and data from FY25 are JPM forecasts.

Emerging Markets Equity Outlook

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EM equities are poised for strong performance in 2026, supported by lower local interest rates, higher earnings growth, attractive valuations, further improvement in corporate governance, healthier fiscal balance sheets and resilient global growth. We forecast 16% upside in the base case (MSCI EM at 1575) driven primarily by earnings growth – which we expect at double digits, in-line with consensus. We assume marginal PE re-rating in anticipation of further fiscal support and favorable global financial trends, as the limits of domestic monetary policy easing are diminishing. MSCI EM is already trading 10% above its 15 year average PE but still at discount to the U.S. at 39% and wider than the average of 32%.

- **EM earnings growth** forecast is rising to 17.5% in 2026 from 11% this year, driven by a recovery of domestic demand, expectations of a profit rebound in China and continued strength in the AI-fueled tech sector, particularly in South Korea, where earnings revision breadth has seen recent stabilization and penciling in higher memory ASPs across both DRAM & NAND. After meaningful policy rate cuts in 2025, J.P. Morgan economists forecast less monetary easing next year, albeit Brazil will likely be cutting by at least 350bp. However, growing fiscal support, particularly in Asia, reduces the downside risks to growth from global headwinds in the coming quarters. The key downside risk to earnings comes from exporters esp. tech sector driven by worse-than-expected AI demand in 2026, uncertainty regarding the impact of tariffs, a more cautious Fed and stronger dollar.
- **Improving corporate governance**. Asia has picked up the lead on this front, especially with the commercial code revision in South Korea, regulatory support in India for corporate efficiency and in China's state-owned enterprises following the success seen in Japan. Buybacks are relatively new to EM, but are now growing rapidly - particularly in Korea and China. Looking forward, governance drives in Asia are likely to boost buybacks further. In LatAm, corporate behavior is more like U.S. companies, potentially because many companies already have ADR listings. Improving governance and economic frameworks in emerging markets are leading to better fiscal health (ex-LatAm) and lower debt burdens, supporting PE re-rating and creating a favorable outlook for future returns.
- **Idiosyncratic drivers** - Twin policy and regulatory easing in **India**; greater policy support for semis/AI alongside consumption and ongoing household asset allocation shifts into **China** equities; governance reforms in **Korea**; start of easing cycle and election in **Brazil**; stronger gold & PGMs and macro tailwinds for **South Africa** and **UAE's** strong long-term growth.
- **Healthier balance sheets** - Many EMs have shown a commitment to fiscal discipline since past crises, often guided by fiscal rules, although adherence varies by country. The aggregate fiscal deficit for EMs is forecasted to be around 4.2% of GDP in 2026, which, combined with solid economic growth, helps stabilize their debt dynamics. Over 2000-2024, public debt in DMs has increased by more than 39% of GDP, while it has increased by less than 22% in EMs. On average, in 2025, DMs had a public debt-to-GDP ratio of more than 110% whereas EM ratios stand below 72% based on IMF estimates.
- **AI investment plans remain strong but need to translate into monetization/ earnings** - AI accounts for 33% of EM, but with less demanding valuation relative to U.S. In 2025 it is practically obligatory to begin a discussion of investment with AI. Despite oft-cited worries about a bubble, AI investment plans remain strong and

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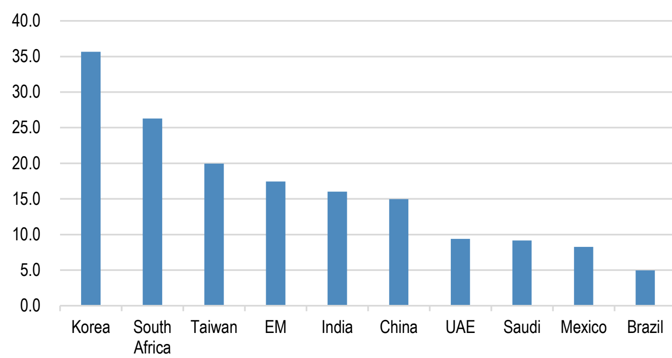
we see only a modestly slower growth rate in 2026 than for this year. Hyperscaler capex plans offer some insight into forecasting AI investment spending. Consensus equity analyst estimates suggest the five largest firms (AMZN, GOOG, META, MSFT, ORCL) will have expanded their capex by 69% in 2025, before growth slows to a still-rapid 33% in 2026 and 14% in 2027. However, the current excitement and investment in AI need to translate into widespread monetization and tangible earnings across a broader range of companies to keep the growth story going and avoid overheating concerns.

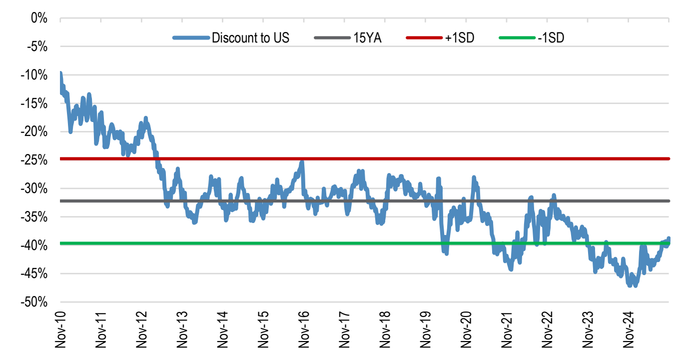
What to buy in EM. **OW** China (upgrade), India, Korea, Brazil, Philippines, UAE, Greece, Poland, South Africa, **Neutral** Taiwan, Mexico, Chile, Saudi Arabia, Türkiye, Malaysia, Indonesia, **UW** Thailand, Peru, Colombia. Within sectors, **OW** Financials, Consumer Discretionary, Materials, Communication Services, Real Estate (upgrade); **Neutral** IT, Industrials, Consumer Staples; **UW** Energy, Utilities, Healthcare (downgrade). **Factor/Style**: **OW** Value, **Neutral** Growth, Quality & **UW** Size (small vs large).

Figure 91: 2026 Consensus EPS growth estimates for major EMs



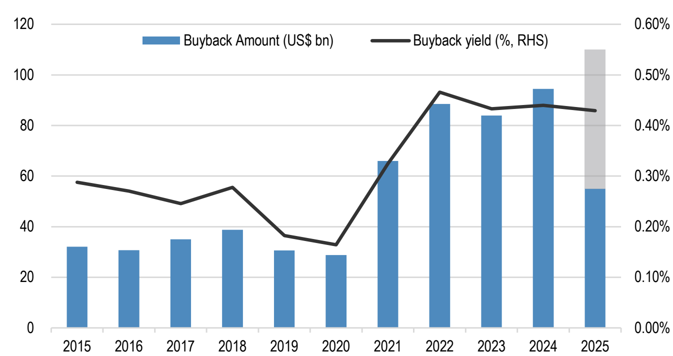
Source: IBES.

Figure 92: EM 12m fwd PE discount to US trading well below historic average



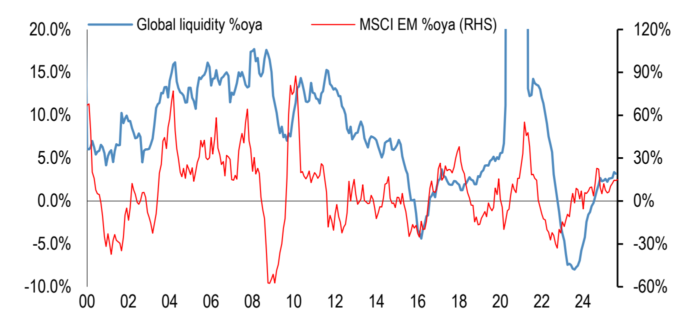
Source: IBES, J.P. Morgan.

Figure 93: Buybacks to remain strong



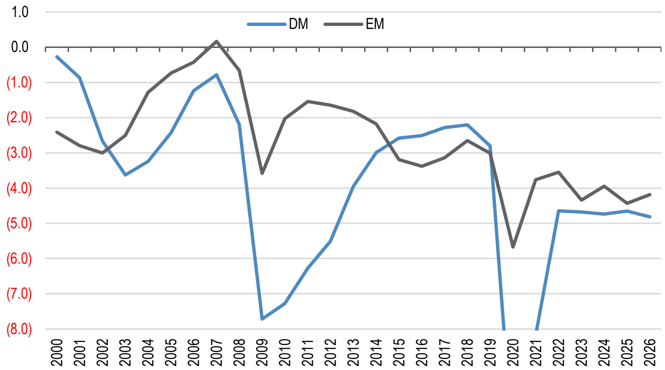
Source: Bloomberg Finance L.P., J.P. Morgan. Provisional data for 2025; grey bar represents projected amount for the remainder of the year assuming same pace of buyback.

Figure 94: Global liquidity tends to be good for EM



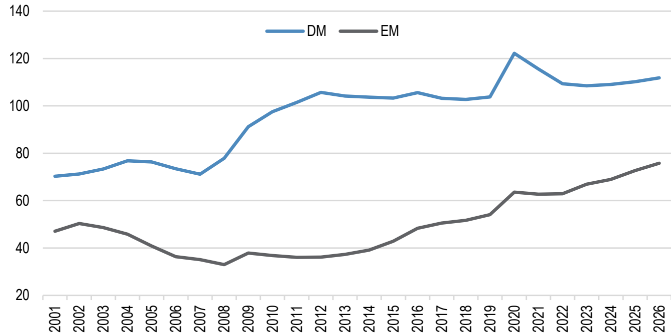
Source: Bloomberg Finance L.P., J.P. Morgan. Broad liquidity measure for all countries in LHS.

Figure 95: EM fiscal deficit is expected to be lower than DM



Source: J.P. Morgan Forecasts.

Figure 96: Public debt (% GDP) is a lot lower in EM than DM



Source: IMF.

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Figure 97: EM core thesis and cross asset recommendations

Market	Equity Reco	Key Local Drivers	Valuation/ Positioning
China	OW	Strong earnings growth in non-consumption areas (AI monetization, advanced manufacturing) despite subdued domestic demand and ongoing property challenges. Improved liquidity and sentiment from increased retail participation, ETF Connect, active capital market events, and global diversification. Geopolitical risks persist but well anticipated and should not be worse than April 2025. Continued policy support: fiscal and monetary easing, anti-involution measures, and governance reforms. Factor rotations among different themes, with self-reliance remaining a key objective.	<1SD above average. AxJ/EM funds UW but narrowing
India	OW	Falling inflation, enhanced system liquidity and lower borrowing to boost growth. Timely demand stimulus and support to urban household balance sheet. Recovery in rural economy aided by a favourable monsoon. GST 2.0 could help trigger a consumption recovery and corporate earnings. Trade deal agreement a potential catalyst. Highest 2025E GDP growth in JPM universe.	Above average valuation. Underowned by FIIs.
Korea	OW	Ongoing governance reforms, clarity on tariffs, and EPS growth (memory, financials, holdcos, and select industrials). Despite concerns on technical stretch, substantial upside remains as governance-related valuation discounts are not fully priced in. Further rally may come from cyclical recovery, earnings delivery and repatriation flow, though implementation challenges remain.	Trading at ~1SD above to average but the premium is likely structural; Consensus OW
Brazil	OW	1) Easing cycle to start in 1Q should significantly boost equities. Over the past 20 years markets have underestimated the BCB easing by an average of 310bp (except in 2024). 2) Elections could result in regime change. Race is binary and likely very close. Polls are abundant, which will cause a lot of vol, especially from Q2 onwards.	Consensus OW market within EM, but equities still very underowned locally. Valuations still attractive.
Philippines	OW	Central bank has most room to ease in the region as inflation cools. Stocks tend to re-rate during an easing cycle. Valuation compressed as investors de-risk after the flood control present an opportunity to add. Thin liquidity remains a key risk.	Valuation near -2.5SD vs. 10Y mean. Consensus UW
UAE	OW	Earnings revisions remain strong. Banks & Real Est over Industrials/Utilities. Still >10% cheap to l-t avg PE	Strong EPS revisions keep valuations cheaper than Saudi; Positioning still behind Mexico, Indonesia, Poland, Greece.
Greece	OW	GDP in '25 and '26 likely to be >2%, best in Eurozone. Valuations still below EuroStoxx banks	Banks still cheap to Eurozone banks. Positioning inline with most EMs but Pan-Euro funds can add more
Poland	OW	Should rally with Eurostoxx index, but banks challenged by tax hikes.	Seen GEM funds increase weights this year.
South Africa	OW	Stronger ZAR and lower yields should mean strong performance from SA Inc. Stay OW golds/PGMs.	Still cheap v 10 yr avg; locals at lowest equity weight in >20yrs
Taiwan	N	Global AI proxy, with valuations above historical averages largely driven by TSMC's dominance in AI chip supply and capex. Concerns on trend saturation risks and recent FII outflows. Neutral on all sectors except Materials (UW)	>2SD above average. Consensus UW.
Mexico	N	USMCA clarity and improving political/fiscal conditions in Mexico are boosting optimism, with strong valuations supported by pension fund flows. 2026 earnings growth expectations seem low, but upside exists from increased spending and World Cup tailwinds despite weak remittances.	Valuations are richer, but there were very significant outflows from foreigners in 2025.
Chile	N	Strong results for right-wing in November's general elections support the view of a shift towards pro-market policies. Second-round of presidential elections to take place on December 14th. Copper prices are rising due to supply disruptions, and earnings growth for 2025 and 2026 is expected to be strong.	Valuations are at almost neutral levels. Local pension funds have been big buyers and are closer to historical levels of exposure.
Saudi Arabia	N	Tight domestic liquidity and high current account/fiscal deficits likely to keep valuations trending lower. FOL changes likely to be 2H26 only.	Expensive v EM even after de-rating. Biggest UW in EM funds
Türkiye	N	Will sluggish pace of rate cuts be enough to trigger a rally?	High inflation, high rates keep PE's low. Positioning in GEM funds fallen in recent years.
Malaysia	N	Steady policy reforms and political stability to support domestic environment, Supportive domestic flows and resilient banking sector. Risk from US trade policy for datacentres and supply chains.	>1SD below average; consensus UW
Indonesia	N	Low Beta; Supportive government policies like minimum wage hike, subsidies and tax reliefs to support consumption and top-line growth. However, fiscal constraint continues to limit government room to boost economy. Banks, Auto, and Materials face risks from macro, liquidity, and competition from China exports.	2SD below average, consensus OW
Thailand	UW	Tourism was weaker than expected and limited transmission from Govt cash handout to consumption. Stable political environment is a positive driver for now. Stay selective in Consumers, IT, Telecom & Healthcare.	Below historic PE, Consensus UW
Peru	UW	Peru faces heightened political volatility after President Boluarte's ousting, with upcoming elections and a shift to a bi-cameral system seen as a positive institutional change. The approval of the 8th pension fund withdrawal raises the risk of further outflows, potentially pressuring local equities before the April 2026 elections.	At historic levels but expensive relative to other smaller EMs
Colombia	UW	Colombia's fiscal deficit is worsening, leading to a loss of investment grade status and likely prompting future spending cuts or tax reforms. Despite stretched valuations from market outperformance, the presidential race remains open with rising approval for President Petro, increasing chances of policy continuity.	Valuations cheap, but no earnings growth. Political regime change in 2026 could be positive optionality.
Argentina	Off index	Milei's coalition secured over a third of seats in recent elections, removing impeachment risk and reinforcing market confidence amid improving fundamentals. Focus is now of structural reforms. Economic achievements remain strong, and de-rated equity valuations support continued optimism for banks and oil & gas.	Valuations are at the bottom of LatAm, suggesting the risk is asymmetrically biased on the upside.
Vietnam	Off index	Strong GDP growth momentum driven by government spending and structural reforms. EM reclassification confirmed by FTSE to lead to US$1.3bn passive inflows. Risk from US' universal tariffs to disrupt supply chain.	~1SD below 10Y mean, still a top off-index plays by regional funds but position was trimmed post ~US$3bn outflows in 2024

Source: J.P. Morgan.

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Regional Style Views

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Figure 98: 2026 Regional Style Views

Style Views	U.S.	Europe	Japan	Asia ex Japan
Momentum	OW	UW	OW (Long-Only of Tech/DC supplier names)	N (neutralize Beta and avoid High Vol names)
Value	N	OW	OW (EV/EBITDA Value)	OW (Earnings Yield + Dividend Yield)
Growth	OW	UW	UW	N
Quality	N	N	OW	OW
Low Vol	OW	UW	OW	OW
Beta (High vs. Low)	UW (ex-AI)	OW	N	UW
Size (Small vs. Large)	UW, Prefer Large caps	N	UW, Prefer Large caps	UW, Prefer Large caps

Source: J.P. Morgan Global Quantitative Strategy.

U.S. Style Outlook

AI is expected to support the continued dominance of Quality Growth and Momentum, while investor positioning in Speculative Growth, High Beta, and Low Volatility stocks will remain highly sensitive to the Fed's policy trajectory. For instance, if the Fed continues to ease in line with market expectations, High Beta stocks will likely regain momentum; conversely, if the Fed halts its easing cycle or market expectations shift significantly, flows could shift more aggressively into Low Volatility and Quality Growth stocks. **This year, U.S. investors have rotated across three styles / cohorts of stocks:**

- **First, herding into Mega Caps and Quality Growth stocks** (crowding at 98.2%ile and 96.4%ile respectively, Figure 65, Figure 61)—fundamentally sound winners characterized by robust demand, high earnings and revenue growth, and solid margins. Momentum started the year loaded with Quality Growth and Mag7 and showed clear warning signs of reversal risk (Crowding at 100%ile in Jan, report, Figure 63); DeepSeek provided the catalyst for Momentum to severely unwind in February, erasing 2 years of performance in just 3 weeks, report. Since, investors have steadily built back their positions in Mega Caps and Quality Growth stocks (crowding at the 98.2%ile and 96.4%ile respectively, Figure 65, Figure 61). Going forward, we expect these fundamentally strong names to remain resilient on the back of their unlevered balance sheets, higher liquidity and disproportionately larger buyback programs. Also, due to their larger representation in the market (e.g. AI 30 contributes 44% of index weight in the S&P 500), their resiliency could also provide broader support for the market during adverse episodes of volatility.
- **Second, crowding into High Beta Speculative Growth**, including second-order AI and lower rates beneficiaries (crowding at 95%ile+ from July to Nov, Figure 59)—These companies have: emerging growth opportunities with inferior cash flow generation, dependence on capital markets for growth rather than internally generated funds, and more vulnerability to changes in investor sentiment with little or no buyback programs to absorb supply during sell-offs. As such, these styles rely heavily on favorable market sentiment, improving liquidity and Fed easing and are vulnerable to sudden repricing if conditions change. Investors chased the V-shaped recovery in April through Spec-Growth and drove High Beta Crowding at the fastest pace on record (from 17%ile to 100%ile in just 75 trading days, Figure 59, report).

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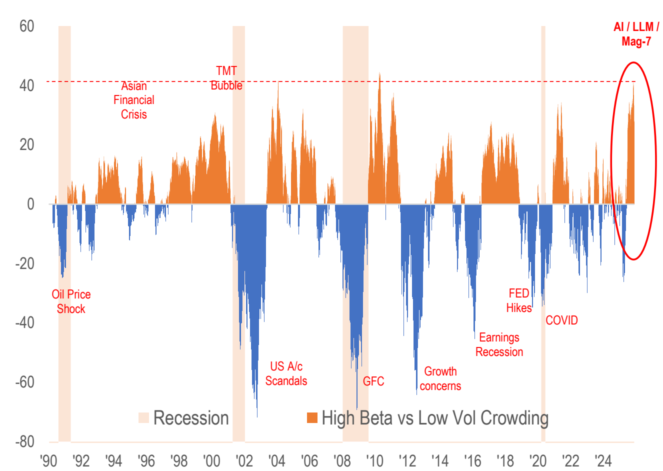
Crowding remained elevated between July and early Nov (>96%ile, report), before moving lower to 91%ile as sentiment weakened mid-November, due to a less dovish Fed and extreme positioning / gross leverage.

- **Third, rotating in and out of defensive low-volatility**—stocks and sectors like Staples, Telecom, and Health Care, unfavored at the start of the year, swiftly found themselves at the center of investors' interest as the Momentum unwound and trade war fears intensified (report), lifting Low Vol Crowding from 53%ile in January to 97%ile in April, report. Subsequently, as FOMO struck investors who were underinvested during the V-Shape recovery, Low Vol names were sold to fund the AI trade (Low Vol crowding at 7%ile at the end of October, Figure 57, report). As a result, the Low Vol factor not only offers a relative value opportunity, but it also offers diversification from current market herding, and should be a hedge during periods of higher market volatility.

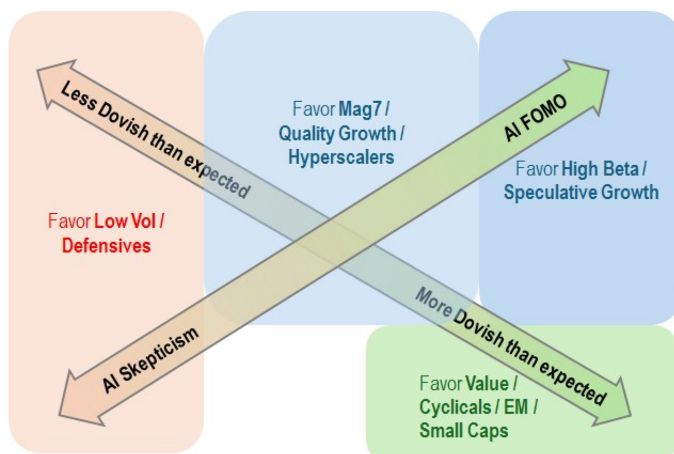
In sum, Quality Growth (first cohort of stocks) is anchored to secular trends and provides stability to the market; Speculative (second cohort) and Defensive (third cohort) names exhibit extreme divergence and a risk of further mean-reversion and episodes of volatility in the near term. This could be triggered by macro shifts (such as a change in the rate cut expectations or a growth scare), a technical unwind (including high leverage, stretched valuations, and extreme crowding), or tighter liquidity. **In 2026, we expect style positioning to resemble 2025: new extremes in crowding, record concentration (Higher than Nifty-fifties,** Figure 42)**/ "winner-take-all". Ultimately, markets will continue to experience sharp rotations as investors shift between skepticism and FOMO alongside a polarized, K-shaped economy.**

Figure 99: High Beta vs Low Vol Divergence



Source: J.P. Morgan Equity Strategy and Quantitative Research.

Figure 100: Summarized Style views



Source: J.P. Morgan Equity Strategy and Quantitative Research.

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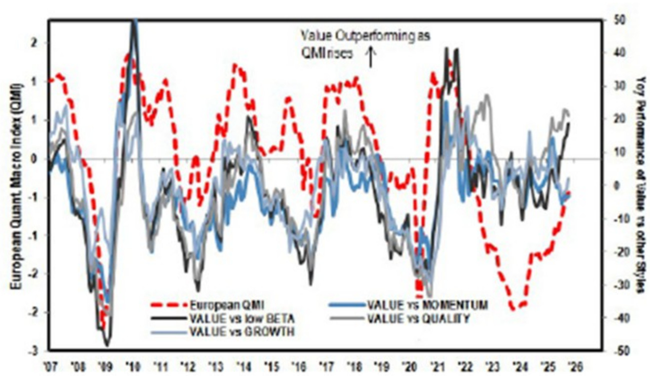
Europe Style Outlook

Overweight Value vs Growth & Momentum. Although Value has excelled against Quality and low Beta styles, its relative performance versus Growth and Momentum has been subdued, setting the stage for a potential catch-up in 2026 as Growth and Momentum stocks now trade well above historical norms and appear vulnerable to mean-reversion. Consensus earnings revisions for Value are trending upward, supporting further upside. Contrary to common perception, Value stocks currently have a beta below 1 and sit in the bottom 37% of historical readings, making them less risky than often assumed. This positions Value as an attractive overweight not only for upside in a soft-landing scenario but also as a defensive hedge in the event of a market downturn.

We continue to prefer Value. We have been long Value in Europe during 2025, and paired our Value overweight vs Quality. Year to date, long Value vs short Quality has delivered a +19.5% gain, and L/S Value is up +18.2% and L/S Quality is down -11.4%. The chart below shows the relationship of Value vs other style groups and the QMI. Value has a very high probability of rising faster than other styles when the QMI in an uptrend. Moreover, while Value outpaced Quality and low Beta, the relative performance vs Growth and Momentum has been rather lacklustre. It is here, we believe, that there is a potential catch-up story which is very likely to play out during 2026.

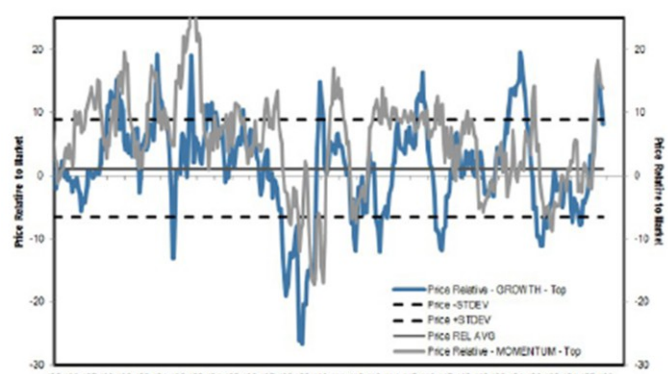
Using the price relative of Value vs. Growth and showing the relative consensus EPS revisions, the chart below shows the price relative is now below its rising from the lower standard band and the consensus EPS revisions appear are on an upward march. The outlook suggests Value may well have some meaningful upside versus Growth stocks, and fundamentally supported by the change in bottom-up earnings expectations.

Figure 101: QMI and Value vs Other Styles



Source: J.P. Morgan Quantitative Strategy.

Figure 102: Growth and Momentum Performance - YoY % Chg



Source: J.P. Morgan Quantitative Strategy.

It is frequently perceived that Value by definition is riskier than Growth, Momentum and Quality stocks. Yet, the table below suggests that as defensive factors (*Growth, Quality, Momentum*) have risen for a prolonged period of time in a rising market, their respective betas have also climbed, meaning what is classified as high risk/ beta needs to be redefined. The detail shows that Value beta is less than 1, and is slightly below its long-term historical average. Overall, its beta is in the bottom 37% of historical readings. The similar betas for Growth, Momentum, and Quality also reside below 1, but are above historical averages, and placed much higher on their percentile ranks. For

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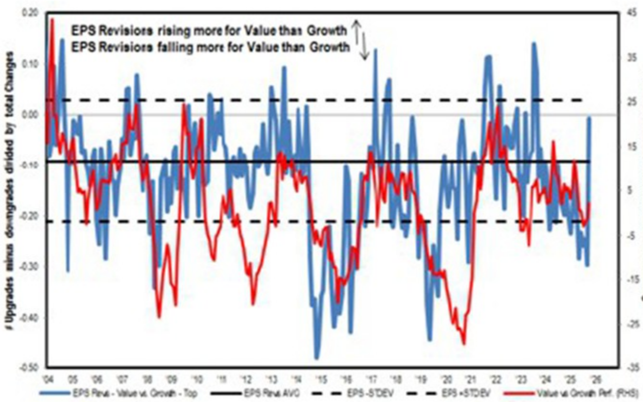
these reasons, we believe an overweight in Value stocks vs. Growth and Momentum has the benefit of upside potential in the 'Soft-Landing' scenario, but equally may act as a hedge in a 'Hard-Landing' or market drawdown.

Figure 103: Value vs Growth - Price and EPS Revisions



Source: J.P. Morgan Quantitative Strategy.

Figure 104: Avg Betas for European Styles

Long	Value	Growth	Momentum	Quality	Risk
Beta	0.93	0.95	0.91	0.86	1.23
Hist Avg.	0.95	0.94	0.89	0.83	1.26
PCT Rank	37%	54%	54%	66%	30%
Hist Z-Score	-0.1	0.1	0.1	0.3	-0.1

Source: J.P. Morgan Quantitative Strategy.

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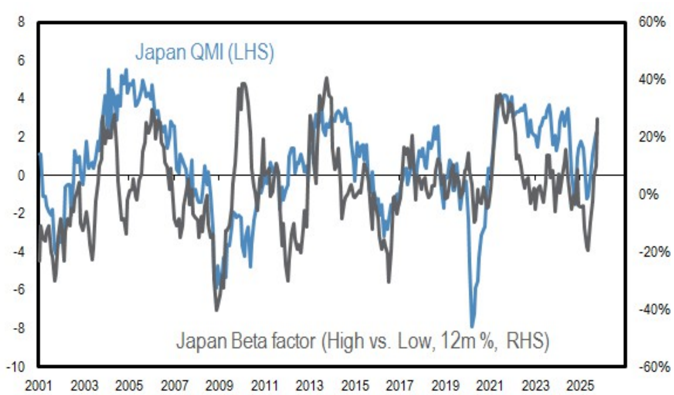
Japan Style Outlook

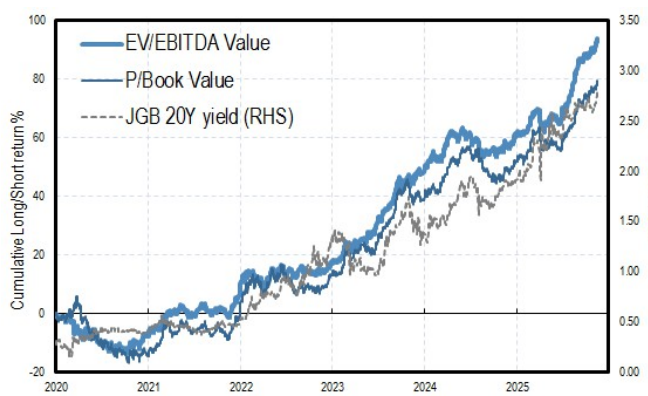
In 2026, the Japanese equity market is expected to transition from last year's rapid earnings growth to a more sustainable, normalized pace, driven by the mean reversion nature in macro momentum (Japan QMI) and a stable environment of positive inflation and JPY rates. As a result, preferable strategies will shift focus from momentum and macro-driven approaches to those emphasizing cash generation and capital efficiency. **Value, especially EV/EBITDA multiples**, are likely to outperform, as cash-rich companies can better absorb rising interest costs and pursue capital-efficient actions like buybacks and M&A. **Quality** will also be favored, with long-term offshore investors seeking companies with high ROE, strong financial health, and the ability to maintain stable margins even in an inflationary setting. **Low volatility**, previously overlooked, are expected to regain attention for their predictability and stable cash flows, providing portfolio stability as the market normalizes. While broad **price momentum** may fade, select sectors such as AI, data centers, and semiconductor equipment—supported by national policy and structural demand—should continue to trend positively. **Large-caps** will benefit from supply-side reforms and technological support led by P.M. Takaichi, while small caps may struggle with wage pressures, higher interest costs, and Japan-China geopolitical uncertainties. Overall, aggressive risk-taking is expected to subside, with investors maintaining neutral beta exposure and reducing allocations to growth stocks, which are likely to face valuation pressure from rising discount rates. In summary, **the optimal approach for 2026 is to prioritize Value and Quality, add Low Volatility for stability, selectively pursue Momentum in key sectors, and focus on large caps, aiming for resilience and income in a late-cycle, risk-sensitive market.**

Figure 105: Japan QMI vs. Japan Beta factor – High Beta names seem "overbought"



Source: J.P. Morgan Quantitative Strategy.

Figure 106: Japan EV/EBITDA Value, P/Book Value, and JGB yield



Source: J.P. Morgan Quantitative Strategy.

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AsiaPac Style Outlook

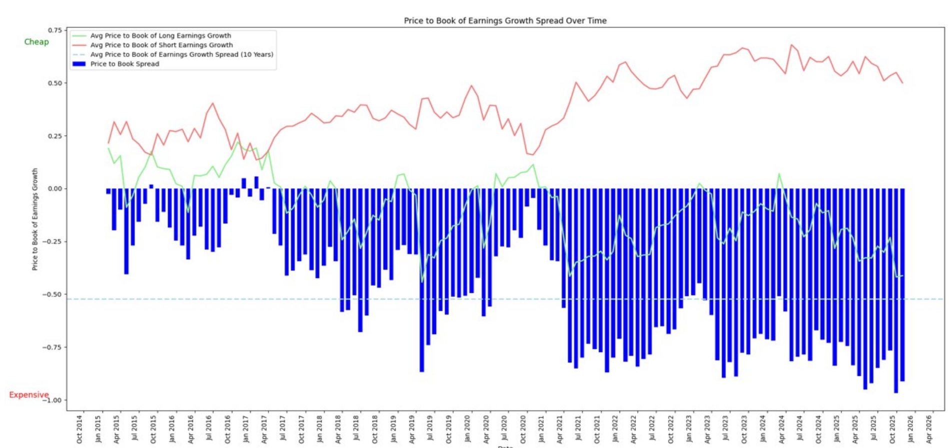
In 2026, Asia ex-Japan is poised to move into a late-cycle, low vol environment, and we are positioning our portfolios to favor well priced, quality, and fundamentally driven stocks that can still perform well in a strong equity market. We have observed style shifts already in late 2025, and we expect similar dynamics to persist into 2026. The region has moved away Momentum and Growth given their **vulnerability to volatility and expensive speculative themes (such as those second-order AI beneficiaries),** with investors now favoring Value, especially Dividend Yield, and leaning away from Momentum.

Momentum has struggled in the region recently, with notable losses and increased daily volatility. Its exposure to High Volatility and High Beta remains elevated, making it particularly vulnerable to negative macro shocks. With our Asia/GEM QMI model at the boundary between Expansion and Slowdown, we recommend maintaining a neutral stance on Momentum, with particular care given to neutralizing it against High Vol and Beta to further mitigate risks. Only selective, risk-controlled Momentum exposure is warranted. We are also Overweight Value and Quality, especially **income-generating stocks with proven business models**, as investors seek companies with robust fundamentals, stable earnings and lower leverage in volatile markets. We also believe that an Overweight to Low Volatility, which is attractively priced in Asia-ex, is prudent for risk mitigation, particularly in sectors or markets where volatility remains a concern. We are Underweight both High Beta, which remains **extremely crowded on very high valuations**, and Size, with a bias towards large caps for stability.

Overall, we think investors should **prioritize Value and Quality, reduce Growth exposure in favor of Lower Vol, and approach Momentum with caution** (avoiding the higher Vol names). This positioning aims to capture equity market upside, while protecting against heightened macro uncertainty.

Earnings Growth names are very expensive. This is a key risk at this stage of the cycle. Any growth unwind will be strong and sharp.

Figure 107: P/B Spread of Earnings Growth



Source: J.P. Morgan Quantitative Strategy.

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Detailed Views

Regional Sector, Industry, and Style Recommendations

Figure 108: 2026 Regional Sector and Industry Views

	Developed Markets			Emerging Markets				
Sct/Ind Views	**US**	**Europe**	**Japan**	**EM**	**China**	**Asia ex-JP**	**CEEMEA**	**LatAm**
Energy	UW	UW	N	UW	UW	UW	UW	UW
Materials	UW	OW	UW	OW	OW	OW	OW	UW
Industrials	N	OW	OW	N	N	N	OW	N
- Capital Goods	OW	OW	OW					OW
- Comm/Prof Srv		N	N					
- Transportation		N	N					N
Consumer Discretionary	N	OW	OW	OW	N	OW	OW	OW
- Automobiles & Components		N	N					OW
- Consumer Durables & Apparel		OW	OW					N
- Consumer Services		N	OW					
- Retailing	OW	N	OW					N
Consumer Staples	N	UW	UW	N	OW	OW	N	UW
- Food & Staples Retailing		UW	UW					UW
- Food, Beverage & Tobacco		UW	UW					UW
- Household & Personal Products		UW	N					
Health Care	N	OW	N	UW	N	UW	UW	OW
- HC Equipment & Services		OW	N					OW
- Pharma / Biotech, Life Sciences	OW	OW	N					
Financials	N	N	OW	OW	N	OW	OW	OW
- Banks	OW	N	OW					OW
- Diversified Financials		N	OW					OW
- Insurance		UW	N					N
Information Technology	OW	N	N	N	OW	N	UW	N
- Software & Services	N	UW	OW					
- Technology Hardware & Equipment	OW	N	N					
- Semiconductors & S. Equipment	OW	OW	N					
Communication Services	OW	N	N	OW	OW	OW	N	UW
- Telecommunication Services		N	UW					
- Media & Entertainment		UW	OW					
Utilities	OW	UW	OW	UW	UW	UW	UW	OW
Real Estate	UW	N	N	OW	N	N	OW	OW

Source: J.P. Morgan Global Equity Strategy.

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Figure 109: 2026 Regional Style Views

Style Views	U.S.	Europe	Japan	Asia ex Japan
Momentum	OW	UW	OW (Long-Only of Tech/DC supplier names)	N (neutralize Beta and avoid High Vol names)
Value	N	OW	OW (EV/EBITDA Value)	OW (Earnings Yield + Dividend Yield)
Growth	OW	UW	UW	N
Quality	N	N	OW	OW
Low Vol	OW	UW	OW	OW
Beta (High vs. Low)	UW (ex-AI)	OW	N	UW
Size (Small vs. Large)	UW, Prefer Large caps	N	UW, Prefer Large caps	UW, Prefer Large caps

Source: J.P. Morgan Global Quantitative Strategy.

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Key Themes for 2026

Figure 110: 2026 Regional Equity Themes

Region	Basket / Screen Name	Ticker	Description	Publication
U.S.	S&P 500 Top 30 AI/Datacenter Beneficiaries	JPRAID30	To construct our equity basket, we took a multi-layered approach to ensure our final list comprised S&P 500 companies with significant exposure to AI themes. We selected current constituents of the S&P 500 index only which have a high residual return correlation to Nvidia year-to-date. To further refine our selection, we leveraged J.P. Morgan's proprietary technology to filter for companies with high frequency of co-mentions of AI across news and earnings call transcripts.	
U.S.	Sensitive to Low-End Consumer	JPRLOWCO	Our JPM Stock Analysts identified US companies with material exposure to low-end consumers. Companies are heavily tilted towards Financials and Retail.	
U.S.	Trump Deregulation Agenda	JPRGDREG	This basket was systematically constructed based on a universe of US companies that should benefit from potential deregulation policies implemented by the incoming administration. Companies were screened and refined in consultation with our JPM analysts.	
U.S.	Global Strategic Resources	JPRSTRES	This basket contains companies sensitive to the global shift toward supply chain de-risking and strategic resource security, as identified by JPMorgan Single Stock Equity Analysts. Specifically, it includes firms involved in the production and processing of Global Strategic Resources such as Rare Earths and Uranium, which are critical for AI, defense, and energy transition technologies.	
U.S.	US Trade Tariff Underperformers	JPGTUSTU	This basket contains companies sensitive to the impact of US trade and tariff policies, based on the expert input of JPMorgan Single Stock Equity Analysts. Specifically, it includes U.S. companies that are likely to be vulnerable to escalating tariffs.	Link
Europe	Eurozone Fiscal Stimulus	JPEZFIST	Companies poised to benefit from fiscal spending acceleration across the Eurozone	
Europe	Trade tariff sensitivity	JPEUTFS	Companies with significant exposure to international trade, whose margins and competitiveness have been impacted by tariffs and trade policies, but stand to benefit if tariffs are to be eased.	
Europe	Beneficiaries of Potential Russia-Ukraine Ceasefire	JPEUUKRN	Companies that are likely to benefit from a potential ceasefire in Ukraine and the subsequent rebuilding process.	
Europe	Beneficiaries of Potential Greenshoots in China	JPEUCHGS	Companies with significant exposure to Chinese demand or operations, poised to benefit from economic recovery in China	
Europe	Europe Trade Tariff Exposed	JPREUTAR	The EU Trade Tariffs basket is a selection of companies derived with input from Senior Equity Sector Analysts for companies that are expected to be negatively impacted by the protectionist tariffs and trade policies under President Trump's administration.	
Japan	Japan 30 AI-related Stocks	JPRJAI30	Japanese AI-related equities are poised to benefit from the anticipated acceleration in global AI capital expenditures in 2026.	Link
Japan	Japan Beneficiaries from Domestic Consumption Recovery	JPRJBDCR	The rebound in domestic consumption, supported by rising real wages, is expected to drive robust performance among consumption-oriented Japanese stocks.	-
Japan	Japan Beneficiaries from Increasing Defense Expense	JPRJBIDE	Companies engaged in defense procurement contracts with Japan's Ministry of Defense are expected to benefit from the projected increase in national defense spending.	-
Japan	Japan Trade Tariff Exposed	JPRJPTAR	Basket contains stocks screened with the highest revenue exposure to North America, exposing them to Trump 2.0 policies.	
Australia	Australia Trade Tariff Exposed	JPRAUTAR	This basket was derived with input from Senior Equity Sector Analysts for companies that are likely to be sensitive to tariff increases.	
Developed Market	DM ex US Trade Tariff Exposed	JPRDMTAR	List of DM ex US stocks most vulnerable to escalating US tariffs. The basket is an aggregate of the Europe, Japan, and Australia tariff baskets.	
Asia	North Asia Trade Tariff Exposed	JPRNATAR	Basket of North Asia stocks most vulnerable to escalating US tariffs. Companies from MSCI Korea and Taiwan with >50% sales from the US were added	
Asia	ASEAN Trade Tariff Exposed	JPRASTAR	Basket of ASEAN stocks most vulnerable to escalating US tariffs created in consultation with our equity analysts and incorporating sector views.	
China	Top Picks for AI Supercycle	Stock Screen	The AI compute supercycle has channeled earnings upside to Chinese suppliers, particularly in CPO, PCB, AIDC and liquid cooling, while internet giants Tencent and Alibaba are leaders on the application side.	Link
China	Top Picks for Overseas Exposure	Stock Screen	We believe the top leaders in AI, consumer electronics, battery/energy storage, electrical equipment, and construction machinery will keep benefiting from overseas expansion.	
China	Top Picks for Domestic Consumption	Stock Screen	While we pushed for small pleasure and experience related consumption in 2025, we believe the focus is now shifting toward high-quality food.	
China	Top Picks for "Anti-Involution"	Stock Screen	Industry leaders benefiting from Chinese government's anti-involution efforts on ASP improvement and market share gains	Link
China	China Trade Tariff Exposed	JPRCNTAR	China may continue to face manufacturing overcapacity suppressing goods prices, with consumer discretionary, electronics and industrials exporters most sensitive to escalation of US-China trade tension, in particular the 2C players. The six stocks are JPM covered names vulnerable to such pressure.	
EM	Major Firms in Power Generation and Transmission Ecosystem	Stock Screen	Grid and Transformer producers that are poised to capitalize on the rising digital capex. JPM anticipates that a surge in data center development will significantly boost power consumption in certain regions.	
EM	Major Defense Names	Stock Screen	List of stocks that should benefit from a global increase in defense budgets	
EM	Domestic Liquidity	Stock Screen	Beneficiaries of rising activity in domestic investors, such as increased retail participation, domestic mutual funds etc.	
EM	Governance	Stock Screen	Stocks that are likely to benefit from a policy push towards better governance framework	
Emerging Markets	EM Trade Tariff Exposed	JPREMTAR	Basket of EM stocks most vulnerable to escalating US tariffs. The basket is an aggregate of the China, Asia Tech, ASEAN, LatAm and Mexico tariff baskets.	
Latam	LatAm ex. Mexico Trade Tariff Exposed	JPRLATAR	Basket of Latam stocks most vulnerable to escalating US tariffs, created in consultation with our equity analysts and incorporating sector views	
Mexico	Mexico Trade Tariff Exposed	JPRMXTAR	A qualitative basket based on a universe of 52 companies tracked in Mexico including all companies in MEXBOL and MSCI Mexico. This basket captures for companies sensitive to tariffs based on disclosures from their earnings reports and/or earnings calls.	Link

J.P. Morgan Research does not provide coverage of these baskets and investors should not expect continuous analysis or additional reports relating to them.
Source: J.P. Morgan Global Equity Strategy.

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Top 30 AI/Datacenter Beneficiaries (JPRAID30 <Index>)

To construct our equity basket, we took a multi-layered approach to ensure our final list comprised S&P 500 companies with significant exposure to AI themes. We selected current constituents of the S&P 500 index only which have a high residual return correlation to Nvidia year-to-date. To further refine our selection, we leveraged J.P. Morgan's proprietary technology to filter for companies with high frequency of co-mentions of AI across news and earnings call transcripts.

Figure 111: Top 30 AI/Datacenter Beneficiaries (JPRAID30 <Index>)

					Company Stats				Price Perf (%)		Technicals			IBES Estimates		Valuation		
	GICS Sector/Industry	Company	Ticker	Rating	Current Price	52-Wk High/ Low	Market Cap	Avg Vol. (mm)	12-mos Change	YTD	Short as % of Out.	RSI 30Day	Avg Rating 1 = Sell 5 = Buy	Sales Growth NTM	EPS Growth NTM	EV/ EBITDA LTM	P/E NTM	P/B
1	Sector: Industrials	Uber Technologies, Inc.	UBER	OW	$83.69	102/59	$173,894	$1,785.0	16%	39%	2%	39	4.6	20%	-52%	39.8x	22.6x	6.2x
2	Sector: Consumer Discretionary	Tesla, Inc.	TSLA	UW	$417.78	489/214	$1,389,461	$41,398.7	67%	3%	2%	51	3.4	11%	8%	137.8x	203.0x	17.4x
3	Broadline Retail	Amazon.com, Inc.	AMZN	OW	$226.28	259/161	$2,418,982	$10,053.7	21%	3%	1%	49	4.9	14%	12%	15.9x	28.6x	6.5x
4	Sector: Information Technology	International Business Machines Corporation	IBM	N	$304.12	325/215	$284,272	$1,464.7	47%	38%	2%	57	3.6	7%	11%	21.0x	25.1x	10.2x
5	Software	Microsoft Corporation	MSFT	OW	$474.00	555/345	$3,522,947	$10,451.3	17%	12%	1%	38	4.9	18%	20%	21.3x	27.2x	9.7x
6		Oracle Corporation	ORCL	N	$200.28	346/119	$570,957	$3,058.1	19%	20%	1%	37	4.4	27%	21%	30.1x	27.0x	23.6x
7		Palantir Technologies Inc. Class A	PLTR	NC	$162.25	208/61	$386,547	$13,430.8	290%	115%	2%	46	3.4	57%	54%	489.5x	164.6x	58.7x
8		Salesforce, Inc.	CRM	OW	$226.82	369/222	$215,933	$1,734.5	-22%	-32%	2%	42	4.5	12%	17%	20.3x	18.1x	3.5x
9		ServiceNow, Inc.	NOW	OW	$815.84	1198/679	$169,272	$1,299.1	-13%	-23%	1%	39	4.7	22%	21%	73.0x	40.5x	15.0x
10		Adobe Inc.	ADBE	OW	$318.73	558/312	$133,420	$1,272.0	-33%	-28%	3%	41	4.2	12%	15%	16.4x	13.6x	11.4x
11		Palo Alto Networks, Inc.	PANW	NR	$183.89	224/144	$128,171	$1,125.7	2%	1%	6%	38	4.4	15%	15%	88.3x	45.8x	14.7x
12		CrowdStrike Holdings, Inc. Class A	CRWD	OW	$506.82	567/298	$127,189	$1,768.2	71%	48%	3%	51	4.1	30%	27%	NA	110.5x	33.8x
13		Cadence Design Systems, Inc.	CDNS	OW	$304.47	376/222	$82,877	$586.5	10%	1%	1%	40	4.6	13%	13%	56.0x	38.2x	15.9x
14		Fortinet, Inc.	FTNT	N	$79.77	115/70	$59,321	$434.4	1%	-16%	3%	44	3.4	14%	8%	27.7x	27.3x	80.6x
15	Communications Equipment	Arista Networks, Inc.	ANET	OW	$122.17	165/59	$153,847	$1,182.8	26%	11%	1%	42	4.6	26%	19%	47.0x	36.9x	12.9x
16	Technology Hardware Storage & Peripherals	Apple Inc.	AAPL	OW	$275.92	277/169	$4,077,091	$15,097.2	22%	10%	1%	64	4.1	10%	13%	25.9x	32.8x	55.3x
17		Dell Technologies, Inc. Class C	DELL	OW	$127.22	168/66	$86,005	$938.0	3%	10%	4%	44	4.5	15%	25%	10.7x	11.7x	NA
18		Hewlett Packard Enterprise Co.	HPE	OW	$21.09	26/12	$27,827	$456.8	8%	-1%	4%	43	4.0	24%	27%	16.8x	8.8x	1.1x
19		Super Micro Computer, Inc.	SMCI	N	$33.32	66/26	$19,891	$1,714.1	14%	9%	13%	38	3.6	86%	50%	29.1x	13.3x	3.0x
20	Semiconductors & Semiconductor Equipment	NVIDIA Corporation	NVDA	OW	$182.55	212/87	$4,435,965	$40,850.5	38%	36%	1%	49	4.8	64%	75%	39.6x	25.7x	37.3x
21		Broadcom Inc.	AVGO	OW	$377.96	386/138	$1,784,865	$10,185.4	123%	63%	1%	58	4.8	49%	53%	44.6x	39.3x	24.4x
22		Advanced Micro Devices, Inc.	AMD	N	$215.05	267/76	$350,110	$10,498.9	49%	78%	2%	50	4.5	36%	68%	44.0x	34.4x	5.8x
23		Micron Technology, Inc.	MU	OW	$223.93	261/62	$251,354	$5,363.3	125%	166%	2%	57	4.6	52%	115%	7.7x	12.6x	4.6x
24		QUALCOMM Incorporated	QCOM	OW	$165.06	206/121	$176,779	$1,437.7	1%	7%	2%	49	4.0	3%	1%	13.4x	13.6x	8.4x
25		Intel Corporation	INTC	UW	$35.79	42/18	$170,718	$3,575.1	66%	79%	2%	54	2.9	0%	44%	20.9x	63.6x	1.6x
26		NXP Semiconductors NV	NXPI	N	$191.56	255/148	$48,211	$537.2	-18%	-8%	3%	41	4.7	10%	16%	17.0x	14.2x	4.8x
27	Sector: Communication Services	Alphabet Inc. Class A	GOOGL	OW	$318.58	319/141	$3,843,664	$11,413.4	86%	68%	1%	72	4.7	16%	9%	19.5x	28.8x	10.0x
28	Interactive Media & Services	Meta Platforms Inc Class A	META	OW	$613.05	796/480	$1,545,541	$9,276.1	8%	5%	1%	38	4.7	23%	31%	18.5x	20.7x	8.0x
29	Sector: Utilities	Constellation Energy Corporation	CEG	OW	$354.11	413/161	$110,624	$1,167.2	35%	58%	2%	51	4.5	3%	9%	17.8x	33.0x	7.7x
30	Sector: Real Estate	Digital Realty Trust, Inc.	DLR	OW	$159.01	198/130	$55,607	$313.1	-11%	-10%	3%	42	4.2	12%	-49%	28.8x	80.3x	2.4x

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025. **Note on noncovered companies:** This basket has been created to leverage the theme of this research report. It includes companies that are not covered by J.P. Morgan Research (marked "NC") and should not be viewed as a recommendation with respect to these companies.

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Global Strategic Resources (JPRSTRES<Index>)

This basket contains companies sensitive to the global shift toward supply chain de-risking and strategic resource security, as identified by JPMorgan Single Stock Equity Analysts. Specifically, it includes firms involved in the production and processing of Global Strategic Resources such as Rare Earths and Uranium, which are critical for AI, defense, and energy transition technologies.

Figure 112: Global Strategic Resources (JPRSTRES<Index>)

				JPM	Mcap	ADTV 3M			% upside	Returns (%)	P/E (X)		ROE	
BBG Ticker	Name	Sector	Analyst	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 12/31/24	25E	26E	25E	26E
TMQ US	Trilogy Metals I	Materials	–	NC	671	87.8	3.99	-	-	244.0	NA	NA	-6.4	-12.4
LAC US	Lithium Americas	Materials	William Peterson	N	1,478	288.1	4.87	5.0	2.7%	64.0	NA	NA	-17.9	-7.9
MP US	Mp Materials Cor	Materials	William Peterson	OW	10,464	1051.9	59.04	74.0	25.3%	278.5	NA	77.7	-5.1	2.1
CRML US	Critical Metals	Materials	–	NC	835	243.6	7.41	-	-	9.1	NA	NA	NA	NA
USAR US	Usa Rare Earth I	Materials	–	NC	1,741	318.8	12.37	-	-	7.8	NA	NA	NA	NA
UCU CN	Ucore Rare Metal	Materials	–	NC	438	12.3	6	-	-	700.0	NA	NA	NA	NA
GPHOF US	Graphite One Inc	Materials	–	NC	200	0.8	1.164	-	-	146.1	NA	NA	NA	NA
LEU US	Centrus Energy-A	Energy	William Peterson	N	4,550	430.3	249.84	245.0	-1.9%	275.1	54.5	60.3	36.9	26.7
IE US	Ivanhoe Electric	Materials	William Peterson	OW	1,763	26.4	12.18	18.0	47.8%	61.3	NA	NA	-38.4	-62.1
ARRNF US	American Rare Ea	Materials	–	NC	151	1.1	0.264	-	-	55.8	NA	NA	NA	NA
PPTA US	Perpetua Resourc	Materials	–	NC	2,892	76.3	23.73	-	-	122.4	NA	NA	-5.2	-0.9
UUUU US	Energy Fuels Inc	Energy	–	NC	3,315	404.4	13.97	-	-	172.3	NA	158.8	-17.0	7.0
NVX US	Novonix Ltd-Adr	Information Technology	–	NC	223	7.1	1.06	-	-	(41.1)	NA	NA	NA	NA
EAF US	Graftech Interna	Industrials	Bennett Moore	N	324	3.6	12.56	15.0	19.4%	(27.4)	NA	NA	102.8	32.1
NB US	Niocorp Developm	Materials	–	NC	676	64.5	5.66	-	-	265.2	NA	NA	NA	NA
TLO CN	Talon Metals Cor	Materials	–	NC	323	2.3	0.395	-	-	338.9	NA	NA	NA	NA
ABAT US	American Battery	Materials	–	NC	457	71.4	3.52	-	-	43.1	NA	NA	NA	NA
METC US	Ramaco Resourc-A	Materials	–	NC	1,039	107.0	16.47	-	-	60.5	NA	NA	NA	NA
SLI US	Standard Lithium	Materials	–	NC	936	18.9	3.93	-	-	169.2	NA	NA	NA	NA
NEO CN	Neo Performance	Materials	–	NC	500	13.9	16.95	-	-	117.6	26.7	20.4	1.7	5.7
HBM US	Hudbay Minerals	Materials	–	NC	6,223	102.5	15.71	-	-	94.3	18.2	12.9	13.1	12.5
TECK/B CN	Teck Resources-B	Materials	William Peterson	N	20,041	160.1	57.94	60.0	3.6%	0.1	25.8	25.1	4.6	4.6
FCX US	Freeport-Mcmoran	Materials	William Peterson	OW	58,572	756.6	40.79	50.0	22.6%	8.8	27.5	20.4	11.2	15.5
AA US	Alcoa Corp	Materials	William Peterson	N	10,027	232.3	38.72	35.0	-9.6%	3.8	10.6	11.4	15.7	13.3
CCJ US	Cameco Corp	Energy	–	NC	36,287	452.7	83.34	-	-	62.2	81.2	55.7	10.1	13.2
UEC US	Uranium Energy	Energy	–	NC	5,841	202.3	12.09	-	-	80.7	NA	93.0	1.0	8.0
PDN AU	Paladin Energy	Energy	Milan Tomic	OW	2,271	41.2	7.45	8.6	15.4%	3.6	105.3	14.7	2.0	12.0
BMN AU	Bannerman Energy	Energy	Milan Tomic	OW	382	4.9	2.8	4.1	46.4%	(1.7)	NA	NA	-2.1	-1.4
DYL AU	Deep Yellow Ltd	Energy	Milan Tomic	OW	1,002	12.8	1.575	1.9	20.6%	41.8	NA	NA	-1.4	-1.6
LYC AU	Lynas Rare Earth	Materials	Lyndon Fagan	N	9,758	181.0	15.04	15.0	-0.3%	133.6	43.5	23.4	11.2	16.3
ILU AU	Iluka Resources	Materials	Lyndon Fagan	N	1,845	43.3	6.64	7.3	9.2%	34.1	40.8	NA	3.0	0.6
ARU AU	Arafura Rare Ear	Materials	Lyndon Fagan	N	610	17.6	0.26	0.2	-26.9%	143.5	NA	NA	-8.1	-7.7
BOE AU	Boss Energy Ltd	Energy	Milan Tomic	N	412	22.9	1.51	1.6	6.0%	(36.6)	NA	9.5	-3.6	12.7
LOT AU	Lotus Resources	Energy	Milan Tomic	UW	281	5.5	0.155	0.2	7.1%	(20.0)	NA	7.6	-7.3	26.1
ARA CN	Aclara Resources	Materials	–	NC	382	1.3	2.45	-	-	444.4	NA	NA	NA	NA
KAP LI	Nac Kazatomprom Jsc	Energy	Anna Antonova	OW	14,213	4.2	53.4	60.0	12.4%	53.0	12.6	9.8	27.2	31.9
YCA LN	Yellow Cake Plc	Energy	–	NC	1,639	730.4	518	-	-	4.1	48.8	NA	19.2	5.1
RSM CN	Resouro Strategi	Materials	–	NC	15	0.1	0.23	-	-	9.5	NA	NA	NA	NA
AXL AU	Axel Ree Ltd	Materials	–	NC	9	0.1	0.08	-	-	8.1	NA	NA	NA	NA

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025. **Note on noncovered companies:** This basket has been created to leverage the theme of this research report. It includes companies that are not covered by J.P. Morgan Research (marked “NC") and should not be viewed as a recommendation with respect to these companies.

Sensitive to Low-End Consumer (JPRLOWCO <Index>)

Our JPM Stock Analysts identified U.S. companies with material exposure to low-end consumers. Companies are heavily tilted towards Financials and Retail.

Figure 113: Sensitive to Low-End Consumer (JPRLOWCO <Index>)

						Company Stats				Price Perf (%)		Technicals			IBES Estimates		Valuation		
	GICS Sector/Industry	Company	Ticker	Analyst	Rating	Current Price	52-Wk High/ Low	Market Cap	Avg Vol. (mm)	12-mos Change	YTD	Short as % of Out.	RSI 30Day	Avg Rating 1 = Sell 5 = Buy	Sales Growth NTM	EPS Growth NTM	EV/ EBITDA LTM	P/E NTM	P/B
1	Sector: Industrials	Southwest Airlines Co.	LUV	Jamie Baker	UW	$33.28	38/24	$17,211	$348.0	9%	-1%	6%	53	3.0	9%	158%	9.8x	13.3x	2.2x
2	Airlines	Frontier Group Holdings, Inc.	ULCC	Jamie Baker	UW	$3.87	10/3	$886	$14.4	-36%	-46%	12%	46	3.2	13%	Neg	8.4x	Neg	2.0x
3	Sector: Consumer Discretionary	Dutch Bros, Inc. Class A	BROS	John Ivankoe	OW	$53.36	87/47	$8,783	$176.1	61%	2%	9%	46	4.7	30%	34%	31.4x	60.5x	10.3x
4	Hotels Restaurants & Leisure	Wyndham Hotels & Resorts, Inc.	WH	Daniel Politzer	OW	$71.60	113/69	$5,410	$72.7	-19%	-29%	7%	41	4.6	5%	7%	13.2x	14.3x	9.3x
5		Caesars Entertainment, Inc.	CZR	Daniel Politzer	OW	$20.89	40/18	$4,264	$132.4	-48%	-37%	18%	45	4.1	3%	- to +	8.2x	110.1x	1.1x
6		Choice Hotels International, Inc.	CHH	Daniel Politzer	UW	$89.27	158/86	$4,131	$38.7	-36%	-37%	11%	37	2.9	16%	3%	12.0x	12.5x	27.6x
7		PENN Entertainment, Inc.	PENN	Daniel Politzer	OW	$13.71	23/13	$1,827	$54.5	-31%	-31%	12%	36	3.8	5%	- to +	NA	16.5x	1.0x
8	Distributors	Genuine Parts Company	GPC	Christopher Horvers	OW	$126.51	143/104	$17,599	$167.5	10%	8%	3%	45	3.8	5%	12%	15.2x	15.2x	3.7x
9	Specialty Retail	Burlington Stores, Inc.	BURL	Matthew Boss	OW	$284.47	309/213	$17,932	$304.8	15%	0%	5%	54	4.8	13%	21%	12.3x	26.1x	12.4x
10		Advance Auto Parts, Inc.	AAP	Christopher Horvers	N	$50.93	70/29	$3,057	$119.6	43%	8%	15%	47	2.9	1%	1164%	NA	19.2x	1.4x
11		Academy Sports and Outdoors, Inc.	ASO	Christopher Horvers	N	$45.16	61/33	$3,009	$76.7	-11%	-22%	13%	46	3.8	8%	11%	7.9x	7.2x	1.4x
12	Sector: Consumer Staples	Walmart Inc.	WMT	Christopher Horvers	OW	$104.06	110/80	$829,655	$1,928.6	27%	15%	0%	52	4.9	5%	13%	20.3x	35.9x	8.6x
13	Consumer Staples Distribution & R	Target Corporation	TGT	Christopher Horvers	N	$84.54	145/83	$38,279	$619.0	-44%	-37%	4%	42	3.3	1%	1%	7.0x	11.1x	2.5x
14		Dollar General Corporation	DG	Matthew Boss	N	$101.69	118/66	$22,383	$367.1	27%	34%	4%	48	3.7	6%	23%	8.4x	15.3x	2.8x
15		Dollar Tree, Inc.	DLTR	Matthew Boss	OW	$100.25	118/62	$20,448	$418.0	55%	34%	9%	50	3.5	-19%	19%	16.4x	16.0x	5.7x
16		BJ's Wholesale Club Holdings, Inc.	BJ	Christopher Horvers	N	$87.97	121/87	$11,590	$173.1	4%	-2%	7%	41	4.0	7%	6%	13.0x	19.0x	5.3x
17	Sector: Financials	Citigroup Inc.	C	Vivek Juneja	N	$99.69	106/56	$178,372	$1,467.4	55%	42%	2%	52	4.4	4%	37%	4.2x	10.2x	0.9x
18	Financial Services	Block, Inc. Class A	XYZ	Tien-Tsin Huang	OW	$61.86	99/44	$37,590	$552.4	-14%	-27%	4%	40	4.1	11%	36%	26.6x	18.7x	1.7x
19		Chime Financial, Inc. Class A	CHYM	Tien-Tsin Huang	OW	$19.48	45/16	$7,297	$71.1	—	—	3%	47	4.1	—	—	NA	Neg	5.1x
20		Western Union Company	WU	Tien-Tsin Huang	UW	$8.39	12/8	$2,667	$66.8	-22%	-21%	14%	47	2.3	0%	5%	4.6x	4.7x	2.9x
21		Remitly Global, Inc.	RELY	Tien-Tsin Huang	OW	$12.49	27/12	$2,611	$38.0	-31%	-45%	6%	36	4.9	23%	254%	44.9x	39.2x	3.3x
22	Consumer Finance	OneMain Holdings, Inc.	OMF	Richard Shane	N	$59.84	63/38	$7,126	$63.6	20%	15%	5%	53	4.2	18%	27%	11.5x	7.6x	2.1x
23		Upstart Holdings, Inc.	UPST	Reggie Smith	OW	$39.02	96/31	$3,796	$255.4	-20%	-37%	30%	40	3.5	32%	63%	143.5x	16.6x	5.1x
24		Bread Financial Holdings, Inc.	BFH	Reggie Smith	N	$65.08	68/38	$2,972	$50.8	31%	7%	12%	56	3.4	5%	-2%	1.7x	6.8x	0.9x
25		Oportun Financial Corp.	OPRT	Richard Shane	UW	$4.78	9/3	$211	$2.5	72%	23%	4%	41	3.9	3%	-2%	2.0x	3.1x	0.5x

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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Trump Deregulation Agenda (JPRGDREG <Index>)

This basket was systematically constructed based on a universe of U.S. companies that should benefit from potential deregulation policies implemented by the incoming administration. Companies were screened and refined in consultation with our JPM analysts.

Figure 114: Trump Deregulation Agenda (JPRGDREG <Index>)

						Company Stats				Price Perf (%)		Technicals			IBES Estimates		Valuation		
	GICS Sector/Industry	Company	Ticker	Analyst	Rating	Current Price	52-Wk High/ Low	Market Cap	Avg Vol. (mm)	12-mos Change	YTD	Short as % of Out.	RSI 30Day	Avg Rating 1 = Sell 5 = Buy	Sales Growth NTM	EPS Growth NTM	EV/ EBITDA LTM	P/E NTM	P/B
1	Sector: Energy	Baker Hughes Company Class A	BKR	Arun Jayaram	OW	$49.36	51/34	$48,707	$366.4	30%	20%	3%	56	4.4	1%	5%	11.7x	18.7x	2.7x
2	Oil Gas & Consumable Fuels	Exxon Mobil Corporation	XOM	Arun Jayaram	OW	$115.97	123/98	$489,065	$1,878.6	-1%	8%	1%	52	4.1	-1%	4%	8.5x	16.0x	1.9x
3		ConocoPhillips	COP	Arun Jayaram	OW	$87.56	113/80	$108,199	$676.0	-20%	-12%	1%	46	4.5	-4%	-10%	5.6x	13.7x	1.7x
4		Williams Companies, Inc.	WMB	Jeremy Tonet	OW	$59.43	66/52	$72,577	$447.9	13%	10%	1%	49	4.2	7%	20%	17.2x	25.5x	5.8x
5		Occidental Petroleum Corporation	OXY	Arun Jayaram	N	$41.43	53/35	$40,817	$475.1	-17%	-16%	4%	46	3.4	-17%	-34%	6.7x	23.4x	1.5x
6		EQT Corporation	EQT	Arun Jayaram	OW	$57.54	61/42	$35,909	$465.8	57%	25%	3%	54	4.4	20%	52%	8.2x	13.3x	1.6x
7		Coterra Energy Inc.	CTRA	Arun Jayaram	OW	$26.20	30/22	$19,948	$193.4	10%	3%	5%	57	4.5	12%	33%	5.0x	9.0x	1.4x
8		Antero Resources Corporation	AR	Arun Jayaram	OW	$34.56	44/29	$10,662	$167.1	34%	-1%	4%	53	4.5	10%	55%	5.1x	12.0x	1.5x
9		Range Resources Corporation	RRC	Arun Jayaram	N	$38.25	44/30	$9,063	$107.9	27%	6%	6%	53	3.5	19%	31%	9.1x	10.2x	2.2x
10	Sector: Consumer Discretionary	D.R. Horton, Inc.	DHI	Michael Rehaut	UW	$146.08	185/110	$42,664	$523.7	-14%	4%	4%	46	3.3	1%	2%	11.8x	12.4x	1.8x
11	Household Durables	Lennar Corporation Class A	LEN	Michael Rehaut	N	$122.96	173/98	$31,117	$440.3	-25%	-6%	7%	50	3.4	0%	-12%	9.6x	13.8x	1.4x
12		PulteGroup, Inc.	PHM	Michael Rehaut	OW	$119.28	142/88	$23,250	$254.5	-8%	10%	3%	47	4.0	-5%	-15%	7.4x	10.8x	1.8x
13		NVR, Inc.	NVR	Michael Rehaut	N	$7,263.52	9377/6563	$20,624	$162.5	-21%	-11%	3%	44	2.7	-7%	-8%	11.4x	17.3x	5.2x
14		Toll Brothers, Inc.	TOL	Michael Rehaut	N	$130.35	170/87	$12,564	$214.7	-11%	3%	3%	47	3.9	0%	3%	7.4x	9.3x	1.6x
15		Taylor Morrison Home Corporation	TMHC	Michael Rehaut	OW	$59.72	75/52	$5,836	$64.2	-13%	-2%	4%	46	4.6	-11%	-17%	6.4x	8.7x	0.9x
16		Meritage Homes Corporation	MTH	Michael Rehaut	N	$70.08	99/59	$4,934	$67.0	-23%	-9%	5%	50	3.8	3%	-6%	9.1x	9.9x	0.9x
17		KB Home	KBH	Michael Rehaut	N	$61.14	86/49	$3,960	$83.4	-22%	-7%	10%	50	3.0	-13%	-14%	8.5x	10.0x	1.0x
18		Century Communities, Inc.	CCS	Andrew Azzi	N	$60.03	96/50	$1,764	$24.1	-32%	-18%	7%	49	3.8	2%	-10%	9.9x	9.6x	0.7x
19		LGI Homes, Inc.	LGIH	Michael Rehaut	UW	$48.31	115/40	$1,115	$16.2	-52%	-46%	13%	49	3.2	13%	-2%	25.6x	10.9x	0.5x
20		Smith Douglas Homes Corp. Class A	SDHC	Andrew Azzi	N	$17.71	34/15	$911	$1.5	-47%	-31%	6%	50	2.7	3%	-78%	14.3x	24.0x	1.9x
21	Sector: Financials	Bank of America Corp	BAC	Vivek Juneja	OW	$51.93	55/33	$379,219	$2,041.2	24%	18%	2%	52	4.6	8%	18%	NA	12.0x	1.4x
22	Banks	Wells Fargo & Company	WFC	Vivek Juneja	N	$84.66	89/58	$265,755	$1,398.6	30%	21%	1%	52	4.1	6%	14%	NA	12.2x	1.6x
23		Citigroup Inc.	C	Vivek Juneja	N	$99.69	106/56	$178,372	$1,467.4	55%	42%	2%	52	4.4	4%	37%	4.2x	10.2x	0.9x
24		First Citizens BancShares, Inc. Class A	FCNCA	Anthony Elian	OW	$1,855.58	2413/1474	$22,818	$192.4	-4%	-12%	3%	52	4.2	-3%	11%	NA	10.1x	1.1x
25		First Horizon Corporation	FHN	Anthony Elian	N	$21.66	24/15	$10,665	$172.4	25%	8%	4%	50	4.0	9%	7%	NA	11.1x	1.3x
26		Webster Financial Corporation	WBS	Anthony Elian	OW	$57.94	64/39	$9,345	$75.1	12%	5%	3%	51	4.7	7%	12%	NA	9.0x	1.0x
27		Western Alliance Bancorp	WAL	Anthony Elian	OW	$79.18	98/57	$8,714	$90.1	-5%	-5%	4%	49	4.7	11%	27%	NA	7.7x	1.2x
28		Zions Bancorporation NA	ZION	Anthony Elian	N	$51.89	63/39	$7,661	$85.1	0%	-4%	4%	48	3.5	6%	9%	NA	8.6x	1.1x
29	Capital Markets	Morgan Stanley	MS	Kian Abouhossein	N	$162.83	172/94	$258,787	$1,027.1	40%	30%	1%	54	3.7	7%	8%	6.4x	15.5x	2.6x
30		Brookfield Corporation	BN	Kenneth Worthington	OW	$45.11	49/29	$111,581	$173.3	28%	18%	1%	51	4.3	-87%	12%	16.8x	15.8x	2.4x
31		Robinhood Markets, Inc. Class A	HOOD	Kenneth Worthington	N	$114.97	154/30	$103,551	$4,399.7	389%	209%	6%	46	4.4	28%	2%	64.0x	46.6x	12.1x
32		Coinbase Global, Inc. Class A	COIN	Kenneth Worthington	OW	$255.97	445/143	$69,021	$2,799.9	43%	3%	6%	41	4.0	11%	-40%	37.8x	37.2x	4.3x
33		StepStone Group, Inc. Class A	STEP	Kenneth Worthington	OW	$61.47	68/40	$7,292	$38.5	2%	6%	3%	49	4.4	12%	14%	NA	26.2x	NA
34		Hamilton Lane Incorporated Class A	HLNE	Kenneth Worthington	N	$120.26	204/112	$6,752	$64.7	-33%	-19%	5%	42	4.3	17%	12%	20.4x	20.2x	6.4x
35	Sector: Information Technology	Apple Inc.	AAPL	Samik Chatterjee	OW	$275.92	277/169	$4,077,091	$15,097.2	22%	10%	1%	64	4.1	10%	13%	25.9x	32.8x	55.3x
36	Semiconductors & Semiconductor Equipment	QUALCOMM Incorporated	QCOM	Samik Chatterjee	OW	$165.06	206/121	$176,779	$1,437.7	1%	7%	2%	49	4.0	3%	1%	13.4x	13.6x	8.4x

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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U.S. Trade Tariff Underperformers (JPGTUSTU<Index>)

This basket contains companies sensitive to the impact of U.S. trade and tariff policies, based on the expert input of JPMorgan Single Stock Equity Analysts. Specifically, it includes U.S. companies that are likely to be vulnerable to escalating tariffs. This basket was originally published in this report.

Figure 115: U.S. Trade Tariff Underperformers (JPGTUSTU <Index>)

						Company Stats				Price Perf (%)		Technicals			IBES Estimates		Valuation		
	GICS Sector/Industry	Company	Ticker	Analyst	Rating	Current Price	52-Wk High/ Low	Market Cap	Avg Vol. (mm)	12-mos Change	YTD	Short as % of Out.	RSI 30Day	Avg Rating 1 = Sell 5 = Buy	Sales Growth NTM	EPS Growth NTM	EV/ EBITDA LTM	P/E NTM	P/B
1	Sector: Energy	Marathon Petroleum Corporation	MPC	Zach Parham	N	$190.18	202/115	$57,169	$469.2	31%	36%	3%	51	3.9	-4%	89%	10.1x	13.4x	3.3x
2	Oil Gas & Consumable Fuels	Phillips 66	PSX	Zach Parham	OW	$133.20	143/91	$53,669	$409.7	9%	17%	2%	50	3.8	-5%	195%	14.3x	11.7x	2.0x
3		Valero Energy Corporation	VLO	Zach Parham	OW	$174.37	186/99	$53,185	$536.6	34%	42%	4%	55	4.3	-9%	67%	12.2x	14.0x	2.2x
4		Ovintiv Inc	OVV	Arun Jayaram	NR	$39.58	47/30	$10,024	$134.9	1%	-2%	2%	52	4.4	-1%	9%	5.8x	7.5x	1.0x
5		HF Sinclair Corporation	DINO	Zach Parham	N	$53.16	57/25	$9,779	$140.5	38%	52%	5%	52	3.8	1%	68%	7.1x	11.1x	1.0x
6		PBF Energy, Inc. Class A	PBF	Zach Parham	N	$34.71	41/14	$4,021	$106.4	22%	31%	14%	54	2.2	3%	- to +	57.3x	41.2x	0.8x
7		Par Pacific Holdings Inc	PARR	Zach Parham	OW	$44.61	48/12	$2,243	$60.2	189%	172%	8%	59	4.3	-12%	122%	4.6x	10.5x	1.6x
8	Sector: Materials	Corteva Inc	CTVA	Jeffrey Zekauskas	OW	$65.66	77/53	$44,847	$261.9	8%	15%	2%	50	4.5	5%	7%	12.9x	18.0x	1.8x
9	Chemicals	Nutrien Ltd.	NTR	Jeffrey Zekauskas	OW	$56.23	65/44	$27,178	$129.4	18%	26%	1%	48	3.7	3%	18%	7.5x	11.8x	1.1x
10		PPG Industries, Inc.	PPG	Jeffrey Zekauskas	OW	$97.16	130/90	$21,803	$196.1	-22%	-19%	2%	44	4.0	3%	5%	11.2x	12.0x	2.8x
11		CF Industries Holdings, Inc.	CF	Jeffrey Zekauskas	N	$77.66	104/67	$12,113	$199.5	-6%	-9%	7%	40	3.3	-2%	-14%	6.2x	10.8x	2.5x
12		Mosaic Company	MOS	Jeffrey Zekauskas	N	$23.60	38/22	$7,491	$127.6	-12%	-4%	5%	31	3.9	7%	9%	7.6x	8.7x	0.6x
13		Axalta Coating Systems Ltd.	AXTA	Jeffrey Zekauskas	NR	$29.59	42/26	$6,313	$82.2	-22%	-14%	3%	52	4.4	1%	9%	8.5x	10.9x	2.8x
14		Ashland Inc.	ASH	Jeffrey Zekauskas	OW	$50.12	81/45	$2,291	$32.3	-41%	-30%	5%	50	4.2	3%	21%	NA	12.2x	1.2x
15	Metals & Mining	Alcoa Corporation	AA	William Peterson	N	$38.72	48/22	$10,027	$229.8	-3%	2%	5%	55	4.0	3%	-3%	8.1x	11.2x	1.6x
16		Compass Minerals International, Inc.	CMP	Jeffrey Zekauskas	UW	$17.82	23/9	$743	$10.6	45%	58%	5%	48	3.0	6%	- to +	18.3x	20.0x	3.0x
17	Sector: Industrials	Masco Corporation	MAS	Michael Rehaut	N	$61.74	83/57	$12,823	$130.1	-23%	-15%	3%	41	3.6	3%	4%	12.2x	14.7x	NA
18	Building Products	Fortune Brands Innovations, Inc.	FBIN	Michael Rehaut	N	$47.14	82/44	$5,663	$84.3	-43%	-31%	3%	43	3.7	3%	10%	11.7x	11.5x	2.4x
19		CSW Industrials, Inc.	CSW	Tomohiko Sano	N	$260.98	437/230	$4,355	$34.4	-26%	-26%	5%	54	3.2	19%	17%	16.6x	23.3x	3.9x
20	Electrical Equipment	Regal Rexnord Corporation	RRX	Tomohiko Sano	OW	$142.92	183/91	$9,488	$105.7	-14%	-8%	5%	51	4.8	5%	16%	12.2x	13.0x	1.4x
21		Fluence Energy, Inc. Class A	FLNC	Mark Strouse	N	$15.80	24/3	$2,884	$89.7	-27%	-1%	16%	51	3.0	47%	- to +	NA	3511.1x	4.8x
22	Machinery	Caterpillar Inc.	CAT	Tami Zakaria	OW	$559.60	596/267	$261,881	$1,514.2	49%	54%	1%	60	4.0	10%	15%	16.5x	25.6x	12.7x
23		Deere & Company	DE	Tami Zakaria	N	$487.23	534/403	$131,713	$656.1	20%	15%	2%	55	4.0	7%	8%	12.0x	23.7x	5.2x
24		Cummins Inc.	CMI	Tami Zakaria	N	$485.62	490/260	$67,033	$419.9	48%	39%	1%	63	3.8	4%	12%	12.8x	18.7x	5.6x
25		PACCAR Inc	PCAR	Tami Zakaria	N	$102.46	119/85	$53,812	$289.3	-2%	-1%	2%	56	3.7	-5%	16%	11.3x	17.3x	2.8x
26		Stanley Black & Decker, Inc.	SWK	Michael Rehaut	UW	$67.19	94/54	$10,407	$148.8	-28%	-16%	4%	47	3.6	3%	18%	15.8x	12.0x	1.2x
27	Ground Transportation	Union Pacific Corporation	UNP	Brian Ossenbeck	N	$224.50	257/205	$133,165	$776.6	-3%	-2%	3%	51	4.4	4%	7%	13.9x	17.8x	7.7x
28		Canadian Pacific Kansas City Limited	CP	Brian Ossenbeck	OW	$69.99	84/66	$63,026	$217.4	-9%	-3%	1%	42	4.6	7%	15%	15.6x	13.3x	1.9x
29	Sector: Energy	Core Natural Resources, Inc.	CNR	Brian Ossenbeck	N	$77.07	135/58	$56,115	$68.2	-31%	-28%	5%	43	3.8	21%	- to +	12.1x	10.1x	1.0x
30	Sector: Consumer Discretionary	Tesla, Inc.	TSLA	Ryan Brinkman	UW	$417.78	489/214	$1,389,461	$41,398.7	67%	3%	2%	51	3.4	11%	8%	137.8x	203.0x	17.4x
31	Automobiles	General Motors Company	GM	Ryan Brinkman	OW	$71.00	73/42	$66,233	$778.4	40%	33%	2%	63	4.0	-1%	13%	2.5x	6.3x	1.0x
32		Ford Motor Company	F	Ryan Brinkman	OW	$12.96	14/8	$51,639	$1,195.8	26%	31%	5%	55	3.0	-1%	8%	3.3x	8.9x	1.1x
33	Household Durables	SharkNinja, Inc.	SN	Andrea Teixeira	OW	$88.01	129/61	$12,422	$144.7	-5%	-10%	6%	43	4.8	16%	24%	16.4x	15.0x	5.2x
34	Leisure Products	Hasbro, Inc.	HAS	Christopher Horvers	OW	$79.35	82/49	$11,136	$153.8	21%	42%	3%	56	4.7	10%	16%	NA	15.2x	27.4x
35		Mattel, Inc.	MAT	Christopher Horvers	N	$20.05	22/14	$6,232	$78.8	-2%	13%	4%	58	4.3	7%	24%	9.9x	11.6x	2.8x
36	Textiles Apparel & Luxury Goods	lululemon athletica inc.	LULU	Matthew Boss	N	$169.67	423/159	$20,120	$548.1	-43%	-56%	6%	46	3.1	4%	-13%	7.9x	13.3x	4.6x
37		Under Armour, Inc. Class A	UAA	Matthew Boss	UW	$4.40	11/4	$1,842	$53.5	-49%	-47%	27%	42	3.1	-1%	155%	14.1x	28.8x	1.0x
38	Broadline Retail	Amazon.com, Inc.	AMZN	Douglas Anmuth	OW	$226.28	259/161	$2,418,982	$10,053.7	21%	3%	1%	49	4.9	14%	12%	15.9x	28.6x	6.5x
39		eBay Inc.	EBAY	Douglas Anmuth	N	$80.89	101/59	$36,562	$444.6	41%	31%	3%	42	3.4	7%	8%	17.4x	14.0x	7.8x
40		Etsy, Inc.	ETSY	Bryan Smilek	N	$52.06	77/40	$5,139	$255.9	1%	-2%	18%	41	3.4	4%	73%	20.5x	21.2x	NA
41	Specialty Retail	Best Buy Co., Inc.	BBY	Christopher Horvers	OW	$75.62	95/55	$15,888	$272.2	-16%	-12%	6%	48	3.5	2%	6%	8.5x	11.4x	5.9x
42		Chewy, Inc. Class A	CHWY	Douglas Anmuth	OW	$32.51	49/30	$13,486	$215.5	21%	-3%	7%	41	4.4	9%	110%	37.9x	44.1x	34.6x
43		Penske Automotive Group, Inc.	PAG	Rajat Gupta	N	$158.16	190/134	$10,416	$37.1	5%	4%	3%	43	3.7	2%	-2%	11.3x	11.4x	1.8x
44		Abercrombie & Fitch Co. Class A	ANF	Matthew Boss	N	$65.61	165/65	$3,088	$148.6	-50%	-56%	12%	38	3.9	6%	-5%	4.0x	6.5x	2.4x
45		Academy Sports and Outdoors, Inc.	ASO	Christopher Horvers	N	$45.16	61/33	$3,009	$76.7	-11%	-22%	13%	46	3.8	8%	11%	7.9x	7.2x	1.4x
46	Sector: Consumer Staples	Keurig Dr Pepper Inc.	KDP	Andrea Teixeira	OW	$27.36	36/25	$37,171	$385.6	-17%	-15%	3%	48	4.4	6%	6%	14.1x	12.7x	1.5x
47	Beverages	Constellation Brands, Inc. Class A	STZ	Drew Levine	N	$132.11	245/126	$23,125	$318.1	-43%	-40%	6%	43	4.0	-6%	-4%	14.7x	10.8x	3.1x
48		Brown-Forman Corporation Class B	BF.B	Drew Levine	UW	$28.55	46/26	$13,413	$105.2	-35%	-25%	12%	52	2.9	-2%	3%	13.5x	16.8x	3.4x
49	Food Products	Hershey Company	HSY	Thomas Palmer	N	$185.80	208/140	$37,677	$348.2	5%	10%	5%	54	3.2	4%	-7%	17.2x	27.3x	8.3x
50		Archer-Daniels-Midland Company	ADM	Thomas Palmer	UW	$58.65	65/41	$28,185	$224.5	6%	16%	3%	48	3.0	2%	14%	16.4x	13.9x	1.3x
51	Household Products	Colgate-Palmolive Company	CL	Andrea Teixeira	OW	$79.18	100/75	$63,824	$428.2	-16%	-13%	2%	49	4.0	4%	5%	14.7x	20.7x	74.6x
52	Personal Care Products	Estee Lauder Companies Inc. Class A	EL	Andrea Teixeira	OW	$93.39	105/48	$33,654	$376.7	35%	25%	3%	52	3.6	5%	48%	119.5x	37.6x	8.7x
53	Sector: Information Technology	Fortinet, Inc.	FTNT	Brian Essex	N	$79.77	115/70	$59,321	$434.4	1%	-16%	3%	44	3.4	14%	8%	27.7x	27.3x	80.6x
54	Software	Check Point Software Technologies Ltd.	CHKP	Brian Essex	OW	$183.55	234/179	$19,705	$157.6	6%	-2%	3%	42	3.8	7%	-5%	21.6x	17.3x	6.5x
55		Bentley Systems, Incorporated Class B	BSY	Alexei Gogolev	N	$41.09	59/37	$13,709	$67.5	-15%	-12%	3%	32	4.0	12%	16%	39.0x	30.9x	10.4x
56	Technology Hardware Storage & Peripherals	Logitech International S.A.	LOGI	Samik Chatterjee	N	$112.10	123/65	$18,024	$73.2	37%	36%	3%	51	3.8	6%	7%	19.1x	19.9x	7.9x
57	Electronic Equipment Instruments & Components	Keysight Technologies Inc	KEYS	Samik Chatterjee	OW	$177.67	188/121	$30,534	$187.8	19%	11%	2%	53	4.3	9%	10%	26.9x	22.5x	5.2x
58		TD SYNNEX Corporation	SNX	Joseph Cardoso	N	$149.85	168/92	$12,203	$112.8	30%	28%	2%	49	4.7	6%	17%	9.0x	10.3x	1.4x
59	Sector: Communication Services	Omnicom Group Inc	OMC	David Karnovsky	OW	$74.83	106/68	$14,441	$261.9	-26%	-13%	14%	49	4.3	4%	11%	8.2x	8.0x	3.1x
60	Media	Interpublic Group of Companies, Inc.	IPG	David Karnovsky	OW	$25.71	33/23	$9,341	$173.7	-13%	-8%	7%	49	3.8	-1%	7%	10.6x	8.2x	2.6x
61		Sinclair, Inc. Class A	SBGI	David Karnovsky	UW	$15.87	18/12	$1,106	$6.7	-8%	-2%	7%	57	3.0	4%	- to +	7.8x	31.4x	3.2x
62	Entertainment	Walt Disney Company	DIS	David Karnovsky	OW	$101.94	125/80	$181,992	$957.9	6%	-8%	1%	38	4.6	7%	14%	13.1x	15.1x	1.7x

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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Europe Trade Tariff Exposed (JPREUTAR<Index>)

The EU Trade Tariffs basket is a selection of companies derived with input from Senior Equity Sector Analysts for companies that are expected to be negatively impacted by the protectionist tariffs and trade policies anticipated under President Trump's administration.

Figure 116: Europe Trade Tariff Exposed (JPREUTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
ELUXB SS	Electrolux Ab-B	Consumer Discretionary	N	1,694.4	87.5	56.5	67.0	18.7%	(35.7)	(37.7)	14.5	6.7	11.5	18.4
HMB SS	Hennes & Mauri-B	Consumer Discretionary	UW	28,666.9	355.1	173.5	123.0	-29.1%	13.6	20.0	23.9	20.3	25.8	30.7
P911 GR	Dr Ing Hc F Pors	Consumer Discretionary	OW	45,616.8	33.0	43.7	58.0	32.7%	(27.3)	(21.7)	90.7	18.2	2.3	9.9
VOW3 GR	Volkswagen-Pref	Consumer Discretionary	N	55,677.2	89.4	95.3	110.0	15.4%	20.7	14.2	8.4	4.1	3.2	5.5
STLAM IM	Stellantis Nv	Consumer Discretionary	OW	29,261.5	231.9	8.7	10.0	14.4%	(26.1)	(24.5)	19.3	5.3	0.0	5.0
MBG GR	Mercedes-Benz Gr	Consumer Discretionary	OW	63,876.7	112.5	57.5	68.0	18.2%	18.5	16.0	10.4	8.5	5.6	6.9
BMW GR	Bmw Ag	Consumer Discretionary	OW	63,387.4	83.9	86.9	89.0	2.5%	34.6	15.9	8.2	7.6	7.3	7.3
PHIA NA	Koninklijke Phil	Health Care	N	26,361.5	32.1	23.8	18.3	-23.1%	0.1	1.1	16.3	15.4	7.6	9.1
SHL GR	Siemens Healthin	Health Care	OW	54,909.4	41.9	42.2	61.3	45.3%	(16.0)	(16.1)	17.9	15.8	13.0	13.8
SKFB SS	Skf Ab- B Shares	Industrials	NR	11,457.2	309.8	241.4	-	-	21.5	20.7	15.7	13.3	9.9	12.6
LIGHT NA	Signify Nv	Industrials	OW	2,918.9	10.2	19.7	28.2	43.2%	(1.8)	(0.6)	7.4	7.4	9.1	9.0
MAERSKB DC	Ap Moller-B	Industrials	UW	30,605.7	251.3	12,550.0	8,800.0	-29.9%	27.9	15.2	10.2	NA	5.1	-0.5
KNIN SW	Kuehne & Nagel-R	Industrials	UW	23,082.0	33.1	155.6	130.0	-16.4%	(22.0)	(22.0)	19.6	19.7	30.2	30.9
DSV DC	Dsv A/S	Industrials	OW	51,229.1	398.1	1,399.0	1,915.0	36.9%	(7.5)	(9.3)	27.5	20.3	9.5	11.4
DTG GR	Daimler Truck Ho	Industrials	OW	32,132.1	41.3	36.1	50.0	38.4%	0.9	3.7	11.0	8.9	12.3	14.0
VOLVB SS	Volvo Ab-B	Industrials	OW	59,436.4	793.4	274.1	330.0	20.4%	7.9	11.8	15.4	13.5	19.4	22.1
RCO FP	Remy Cointreau	Consumer Staples	UW	2,396.9	4.5	39.9	40.0	0.2%	(25.0)	(30.6)	23.6	20.4	4.4	5.1
DGE LN	Diageo Plc	Consumer Staples	N	50,321.8	6,760.1	1,729.0	2,500.0	44.6%	(22.2)	(29.3)	13.8	13.0	31.3	29.2
CPR IM	Davide Campari-M	Consumer Staples	N	7,956.5	40.1	5.6	6.0	6.8%	(5.2)	(5.8)	18.7	17.4	9.2	9.2

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

Japan Trade Tariff Exposed (JPRJPTAR<Index>)

Basket contains stocks screened with the highest revenue exposure to North America, exposing them to Trump 2.0 policies.

Figure 117: Japan Trade Tariff Exposed (JPRJPTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
7201 JP	Nissan Motor Co	Consumer Discretionary	N	8,733.8	11,626.6	363.5	360.0	-1.0%	(8.3)	(23.3)	NA	99.5	-5.6	0.7
7261 JP	Mazda Motor	Consumer Discretionary	N	4,533.9	7,638.8	1,117.5	1,000.0	-10.5%	11.4	9.3	39.7	7.9	0.3	4.3
5401 JP	Nippon Steel Cor	Materials	N	21,427.2	15,047.2	623.0	600.0	-3.7%	4.8	2.4	113.2	8.5	0.7	7.7
5411 JP	Jfe Holdings Inc	Materials	OW	7,545.0	7,094.2	1,830.0	2,000.0	9.3%	4.0	8.9	14.9	8.6	3.1	5.2
5406 JP	Kobe Steel Ltd	Materials	N	4,832.4	3,737.0	1,903.5	1,800.0	-5.4%	19.0	27.4	7.6	7.7	8.2	8.2
6954 JP	Fanuc Corp	Industrials	OW	30,233.0	17,749.9	4,814.0	5,200.0	8.0%	13.7	18.1	28.0	25.4	9.2	10.0
7012 JP	Kawasaki Hvy Ind	Industrials	OW	10,533.1	57,937.6	9,996.0	13,000.0	30.1%	58.7	37.0	19.5	15.8	11.2	12.9
7733 JP	Olympus Corp	Health Care	OW	15,217.1	7,986.8	2,071.5	2,100.0	1.4%	(21.8)	(10.9)	24.8	20.4	12.1	13.8
9983 JP	Fast Retailing	Consumer Discretionary	OW	113,855.1	62,556.2	54,800.0	62,000.0	13.1%	12.4	5.1	39.6	35.8	18.0	17.8
7936 JP	Asics Corp	Consumer Discretionary	OW	17,253.2	15,489.1	3,744.0	5,300.0	41.6%	39.1	18.6	28.8	26.6	36.7	35.8

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

Australia Trade Tariff Exposed (JPRAUTAR<Index>)

This basket was derived with input from Senior Equity Sector Analysts for companies that are likely to be sensitive to tariff increases.

Figure 118: Australia Trade Tariff Exposed (JPRAUTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
BHP AU	Bhp Group Ltd	Materials	OW	134,303.0	413.2	40.6	48.0	18.2%	2.1	10.0	12.4	12.9	21.8	18.8
FMG AU	Fortescue Ltd	Materials	N	41,691.6	160.8	20.4	21.0	2.7%	21.3	25.5	12.0	15.3	16.8	12.3
S32 AU	South32 Ltd	Materials	OW	9,128.6	75.7	3.1	3.5	11.5%	(12.6)	(3.4)	14.2	10.7	7.6	9.4
BRG AU	Breville Group L	Consumer Discretionary	N	2,841.8	16.1	30.7	33.3	8.4%	(1.7)	(12.5)	32.0	28.1	13.4	14.1
SFR AU	Sandfire Resourc	Materials	N	4,608.3	31.6	15.2	13.9	-8.4%	47.7	67.1	18.3	14.6	12.9	14.7
LOV AU	Lovisa Holdings	Consumer Discretionary	N	2,208.5	10.2	30.7	33.6	9.5%	3.6	5.2	32.3	26.5	120.9	124.2
DDR AU	Dicker Data Ltd	Information Technology	OW	1,202.8	12.3	10.2	10.3	1.4%	28.6	31.4	21.7	19.5	34.0	37.0

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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DM ex U.S. Trade Tariff Exposed (JPRDMTAR<Index>)

List of DM ex U.S. stocks most vulnerable to escalating U.S. tariffs. The basket is an aggregate of the Europe, Japan, and Australia tariff baskets.

Figure 119: DM ex US Trade Tariff Exposed (JPRDMTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
Europe														
ELUXB SS	Electrolux Ab-B	Consumer Discretionary	N	1,694.4	87.5	56.5	67.0	18.7%	(35.7)	(37.7)	14.5	6.7	11.5	18.4
HMB SS	Hennes & Mauri-B	Consumer Discretionary	UW	28,666.9	355.1	173.5	123.0	-29.1%	13.6	20.0	23.9	20.3	25.8	30.7
P911 GR	Dr Ing Hc F Pors	Consumer Discretionary	OW	45,616.8	33.0	43.7	58.0	32.7%	(27.3)	(21.7)	90.7	18.2	2.3	9.9
VOW3 GR	Volkswagen-Pref	Consumer Discretionary	N	55,677.2	89.4	95.3	110.0	15.4%	20.7	14.2	8.4	4.1	3.2	5.5
STLAM IM	Stellantis Nv	Consumer Discretionary	OW	29,261.5	231.9	8.7	10.0	14.4%	(26.1)	(24.5)	19.3	5.3	0.0	5.0
MBG GR	Mercedes-Benz Gr	Consumer Discretionary	OW	63,876.7	112.5	57.5	68.0	18.2%	18.5	16.0	10.4	8.5	5.6	6.9
BMW GR	Bmw Ag	Consumer Discretionary	OW	63,387.4	83.9	86.9	89.0	2.5%	34.6	15.9	8.2	7.6	7.3	7.3
PHIA NA	Koninklijke Phil	Health Care	N	26,361.5	32.1	23.8	18.3	-23.1%	0.1	1.1	16.3	15.4	7.6	9.1
SHL GR	Siemens Healthin	Health Care	OW	54,909.4	41.9	42.2	61.3	45.3%	(16.0)	(16.1)	17.9	15.8	13.0	13.8
SKFB SS	Skf Ab- B Shares	Industrials	NR	11,457.2	309.8	241.4	-	-	21.5	20.7	15.7	13.3	9.9	12.6
LIGHT NA	Signify Nv	Industrials	OW	2,918.9	10.2	19.7	28.2	43.2%	(1.8)	(0.6)	7.4	7.4	9.1	9.0
MAERSKB DC	Ap Moller-B	Industrials	UW	30,605.7	251.3	12,550.0	8,800.0	-29.9%	27.9	15.2	10.2	NA	5.1	-0.5
KNIN SW	Kuehne & Nagel-R	Industrials	UW	23,082.0	33.1	155.6	130.0	-16.4%	(22.0)	(22.0)	19.6	19.7	30.2	30.9
DSV DC	Dsv A/S	Industrials	OW	51,229.1	398.1	1,399.0	1,915.0	36.9%	(7.5)	(9.3)	27.5	20.3	9.5	11.4
DTG GR	Daimler Truck Ho	Industrials	OW	32,132.1	41.3	36.1	50.0	38.4%	0.9	3.7	11.0	8.9	12.3	14.0
VOLVB SS	Volvo Ab-B	Industrials	OW	59,436.4	793.4	274.1	330.0	20.4%	7.9	11.8	15.4	13.5	19.4	22.1
RCO FP	Remy Cointreau	Consumer Staples	UW	2,396.9	4.5	39.9	40.0	0.2%	(25.0)	(30.6)	23.6	20.4	4.4	5.1
DGE LN	Diageo Plc	Consumer Staples	N	50,321.8	6,760.1	1,729.0	2,500.0	44.6%	(22.2)	(29.3)	13.8	13.0	31.3	29.2
CPR IM	Davide Campari-M	Consumer Staples	N	7,956.5	40.1	5.6	6.0	6.8%	(5.2)	(5.8)	18.7	17.4	9.2	9.2
Japan														
7201 JP	Nissan Motor Co	Consumer Discretionary	N	8,733.8	11,626.6	363.5	360.0	-1.0%	(8.3)	(23.3)	NA	99.5	-5.6	0.7
7261 JP	Mazda Motor	Consumer Discretionary	N	4,533.9	7,638.8	1,117.5	1,000.0	-10.5%	11.4	9.3	39.7	7.9	0.3	4.3
5401 JP	Nippon Steel Cor	Materials	N	21,427.2	15,047.2	623.0	600.0	-3.7%	4.8	2.4	113.2	8.5	0.7	7.7
5411 JP	Jfe Holdings Inc	Materials	OW	7,545.0	7,094.2	1,830.0	2,000.0	9.3%	4.0	8.9	14.9	8.6	3.1	5.2
5406 JP	Kobe Steel Ltd	Materials	N	4,832.4	3,737.0	1,903.5	1,800.0	-5.4%	19.0	27.4	7.6	7.7	8.2	8.2
6954 JP	Fanuc Corp	Industrials	OW	30,233.0	17,749.9	4,814.0	5,200.0	8.0%	13.7	18.1	28.0	25.4	9.2	10.0
7012 JP	Kawasaki Hvy Ind	Industrials	OW	10,533.1	57,937.6	9,996.0	13,000.0	30.1%	58.7	37.0	19.5	15.8	11.2	12.9
7733 JP	Olympus Corp	Health Care	OW	15,217.1	7,986.8	2,071.5	2,100.0	1.4%	(21.8)	(10.9)	24.8	20.4	12.1	13.8
9983 JP	Fast Retailing	Consumer Discretionary	OW	113,855.1	62,556.2	54,800.0	62,000.0	13.1%	12.4	5.1	39.6	35.8	18.0	17.8
7936 JP	Asics Corp	Consumer Discretionary	OW	17,253.2	15,489.1	3,744.0	5,300.0	41.6%	39.1	18.6	28.8	26.6	36.7	35.8
Australia														
BHP AU	Bhp Group Ltd	Materials	OW	134,303.0	413.2	40.6	48.0	18.2%	2.1	10.0	12.4	12.9	21.8	18.8
FMG AU	Fortescue Ltd	Materials	N	41,691.6	160.8	20.4	21.0	2.7%	21.3	25.5	12.0	15.3	16.8	12.3
S32 AU	South32 Ltd	Materials	OW	9,128.6	75.7	3.1	3.5	11.5%	(12.6)	(3.4)	14.2	10.7	7.6	9.4
BRG AU	Breville Group L	Consumer Discretionary	N	2,841.8	16.1	30.7	33.3	8.4%	(1.7)	(12.5)	32.0	28.1	13.4	14.1
SFR AU	Sandfire Resourc	Materials	N	4,608.3	31.6	15.2	13.9	-8.4%	47.7	67.1	18.3	14.6	12.9	14.7
LOV AU	Lovisa Holdings	Consumer Discretionary	N	2,208.5	10.2	30.7	33.6	9.5%	3.6	5.2	32.3	26.5	120.9	124.2
DDR AU	Dicker Data Ltd	Information Technology	OW	1,202.8	12.3	10.2	10.3	1.4%	28.6	31.4	21.7	19.5	34.0	37.0

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

China Trade Tariff Exposed (JPRCNTAR<Index>)

China may continue to face manufacturing overcapacity suppressing goods prices, with consumer discretionary, electronics and industrials exporters most sensitive to escalation of U.S.-China trade tension, in particular the 2C players. The six stocks are JPM covered names vulnerable to such pressure.

Figure 120: China Trade Tariff Exposed (JPRCNTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
PDD US	Pdd Holdings Inc	Consumer Discretionary	N	161,115.7	1,127.8	113.5	125.0	10.1%	(5.9)	17.0	10.9	9.3	27.7	25.7
992 HK	Lenovo Group	Information Technology	N	15,583.4	976.0	9.7	9.5	-2.5%	1.6	(0.2)	10.1	9.2	24.2	22.9
2313 HK	Shenzhou Intl Gp	Consumer Discretionary	OW	12,979.3	403.6	67.5	94.0	39.3%	19.3	13.4	14.1	12.7	17.1	17.3
601689 CH	Ningbo Tuopu G-A	Consumer Discretionary	UW	15,100.3	4,140.9	61.4	40.0	-34.8%	28.9	27.1	35.5	28.3	13.8	15.3
9896 HK	Miniso Group	Consumer Discretionary	OW	5,913.2	227.4	37.3	51.0	36.7%	6.6	(18.3)	15.5	16.3	26.6	22.5
603486 CH	Ecovacs Roboti-A	Consumer Discretionary	N	6,455.6	525.4	78.2	82.0	4.9%	52.1	69.5	22.9	19.8	23.3	22.8

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

North Asia Trade Tariff Exposed (JPRNATAR<Index>)

Basket of North Asia stocks most vulnerable to escalating U.S. tariffs. Companies from MSCI Korea and Taiwan with >50% sales from the U.S. were added.

Figure 121: North Asia Trade Tariff Exposed (JPRNATAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
373220 KS	Lg Energy Soluti	Industrials	OW	65,998.0	197,032.9	413,000.0	580,000.0	40.4%	5.9	18.8	NA	113.7	-1.8	2.5
6669 TT	Wiwynn Corp	Information Technology	OW	24,641.7	7,324.9	4,030.0	5,000.0	24.1%	115.7	63.8	15.7	13.6	46.9	43.0
326030 KS	Sk Biopharmaceut	Health Care	N	6,938.8	42,096.1	128,100.0	110,000.0	-14.1%	7.4	16.9	62.3	38.5	25.9	31.7
2377 TT	Micro-Star Intl	Information Technology	N	2,887.9	935.2	102.5	120.0	17.1%	(41.0)	(39.2)	15.5	11.2	10.9	14.4
2356 TT	Inventec	Information Technology	N	4,682.7	770.5	41.1	40.0	-2.6%	(18.0)	(14.7)	17.3	14.4	12.4	13.9
005380 KS	Hyundai Motor	Consumer Discretionary	OW	36,032.9	337,847.8	258,500.0	340,000.0	31.5%	31.8	28.4	5.8	5.5	9.8	9.5
2324 TT	Compal Elec	Information Technology	N	4,141.0	1,634.2	28.7	30.0	4.5%	(15.0)	(18.3)	18.0	13.3	5.0	7.0
241560 KS	Doosan Bobcat In	Industrials	NC	3,596.0	19,055.3	57,200.0	-	-	41.9	34.2	11.9	10.0	6.4	7.3

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.
Note: We wrote on this theme when we introduced the JPGTTREM basket. Doosan Bobcat was covered by JPM at the time; it is currently not under JPM coverage but still applies to this theme.

ASEAN Trade Tariff Exposed (JPRASTAR<Index>)

Basket of ASEAN stocks most vulnerable to escalating U.S. tariffs created in consultation with our equity analysts and incorporating sector views.

Figure 122: ASEAN Trade Tariff Exposed (JPRASTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
INRI MK	Inari Amertron B	Information Technology	N	2,214.6	28.1	2.4	2.2	-7.9%	(17.3)	(19.4)	30.5	27.1	10.9	12.4
FRCB MK	Frontken Corp	Industrials	OW	1,730.5	24.9	4.3	5.1	19.2%	5.1	(1.5)	40.7	33.2	22.3	23.5
GREATEC MK	Greatech Technol	Information Technology	OW	1,088.8	9.5	1.8	2.3	27.8%	(24.5)	(22.5)	26.7	22.7	17.3	17.1
NATGATE MK	Nationgate Holdi	Information Technology	OW	551.0	14.9	1.0	2.4	133.0%	(55.7)	(59.9)	14.3	12.7	16.5	16.3
WPRTS MK	Westports Holdin	Industrials	OW	4,470.4	32.6	5.4	6.5	20.4%	33.1	20.8	19.0	16.7	24.4	25.5
ICT PM	Intl Contain Ter	Industrials	OW	18,719.9	730.1	550.0	641.0	16.5%	43.4	46.8	19.6	17.5	57.5	52.2
DELTA TB	Delta Elec Thai	Information Technology	OW	80,277.0	2,188.9	199.5	240.0	20.3%	34.5	37.2	114.9	80.9	25.8	27.2
UWC MK	Uwc Bhd	Industrials	OW	989.8	10.3	3.5	4.0	13.3%	42.7	17.4	42.2	31.2	17.9	19.6

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

LatAm ex. Mexico Trade Tariff Exposed (JPRLATAR<Index>)

Basket of Latam stocks most vulnerable to escalating U.S. tariffs, created in consultation with our equity analysts and incorporating sector views.

Figure 123: LatAm ex. Mexico Trade Tariff Exposed (JPRLATAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
VALE US	Vale Sa-Sp Adr	Materials	OW	54,876.6	340.4	12.1	15.5	28.2%	21.6	46.7	6.7	6.8	20.9	18.5
WEGE3 BZ	Weg Sa	Industrials	OW	33,561.4	377.4	43.2	50.0	15.8%	(21.5)	(16.7)	28.2	26.1	28.5	27.8
SUZB3 BZ	Suzano Sa	Materials	OW	11,228.8	246.7	48.0	83.5	74.0%	(16.7)	(22.3)	4.8	7.3	25.7	16.8
GGAL US	Grupo Galici-Adr	Financials	OW	7,517.3	133.1	46.8	75.0	60.3%	(13.0)	(23.3)	16.4	10.3	8.2	16.2
EMBJ US	Embraer Sa-Adr	Industrials	OW	11,281.0	66.4	60.9	80.0	31.3%	71.5	66.3	22.0	22.0	10.3	13.9
MBRF3 BZ	Mbrf Global Food	Consumer Staples	OW	5,536.1	271.6	20.8	29.0	39.4%	70.7	37.6	107.8	200.0	4.7	13.7
CMPC CI	Cmpc	Materials	N	3,414.8	4,603.1	1,281.0	1,400.0	9.3%	(16.5)	(17.0)	18.7	11.2	2.2	3.8

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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Mexico Trade Tariff Exposed (JPRMXTAR<Index>)

A qualitative basket based on a universe of 52 companies tracked in Mexico including all companies in MEXBOL and MSCI Mexico. This basket captures for companies sensitive to tariffs based on disclosures from their earnings reports and/or earnings calls.

Figure 124: Mexico Trade Tariff Exposed (JPRMXTAR<Index>)

A qualitative basket based on a universe of 52 companies tracked in Mexico including all companies in MEXBOL and MSCI Mexico. This basket captures for companies sensitive to tariffs based on disclosures from their earnings reports and/or earnings calls.

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
CX US	Cemex Sab-Sp Adr	Materials	OW	14,609.9	92.7	10.1	10.5	4.3%	77.4	80.2	11.5	13.0	10.6	8.8
KIMBERA MM	Kimberly-Cla M-A	Consumer Staples	N	5,909.5	128.9	36.5	39.0	7.0%	35.0	29.5	14.9	13.9	97.3	93.5
CUERVO* MM	Becle Sab De Cv	Consumer Staples	N	4,202.7	30.8	21.6	23.0	6.4%	(16.8)	(6.3)	10.7	12.0	10.4	9.6
GCC* MM	Gcc	Materials	OW	3,166.0	74.0	173.4	210.0	21.1%	(1.6)	(6.1)	10.9	10.0	13.5	13.0
ALPEKA MM	Alpek	Materials	N	1,047.2	12.9	9.2	15.0	62.9%	(33.9)	(29.4)	56.5	10.7	0.6	6.2
LABB MM	Genomma Lab-B	Health Care	N	999.8	78.9	18.5	24.0	29.9%	(27.7)	(24.4)	10.7	8.3	17.1	19.5
ORBIA* MM	Orbia Advance Co	Materials	N	1,766.2	62.8	16.6	18.5	11.6%	(8.8)	10.7	NA	12.0	-6.2	3.0
LIVEPOLC MM	El Puerto Liv-C1	Consumer Discretionary	N	7,139.5	35.0	99.8	98.0	-1.8%	(3.0)	3.9	6.7	6.2	11.3	11.7
TRAXIONA MM	Grupo Traxion Sa	Industrials	OW	411.4	21.8	13.7	27.0	97.1%	(37.2)	(28.0)	14.0	6.1	3.9	8.5
NEMAKA MM	Nemak Sab De Cv	Consumer Discretionary	OW	610.0	12.4	3.9	5.4	38.1%	80.2	58.3	NA	8.8	-0.7	5.3

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.

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EM Trade Tariff Exposed (JPREMTAR<Index>)

Basket of EM stocks most vulnerable to escalating U.S. tariffs. The basket is an aggregate of the China, Asia Tech, ASEAN, LatAm and Mexico tariff baskets.

Figure 125: EM Trade Tariff Exposed (JPREMTAR<Index>)

			JPM	Mcap	ADTV 3M			% upside	Returns (%)		P/E (X)		ROE	
BBG Ticker	Name	Sector	Rating	(USD, mn)	(USD, mn)	Price (LC)	JPM PT	to PT	Since 6 Nov	YTD	25E	26E	25E	26E
China														
PDD US	Pdd Holdings Inc	Consumer Discretionary	N	161,115.7	1,127.8	113.5	125.0	10.1%	(5.9)	17.0	10.9	9.3	27.7	25.7
992 HK	Lenovo Group	Information Technology	N	15,583.4	976.0	9.7	9.5	-2.5%	1.6	(0.2)	10.1	9.2	24.2	22.9
2313 HK	Shenzhou Intl Gp	Consumer Discretionary	OW	12,979.3	403.6	67.5	94.0	39.3%	19.3	13.4	14.1	12.7	17.1	17.3
601689 CH	Ningbo Tuopu G-A	Consumer Discretionary	UW	15,100.3	4,140.9	61.4	40.0	-34.8%	28.9	27.1	35.5	28.3	13.8	15.3
9896 HK	Miniso Group	Consumer Discretionary	OW	5,913.2	227.4	37.3	51.0	36.7%	6.6	(18.3)	15.5	16.3	26.6	22.5
603486 CH	Ecovacs Roboti-A	Consumer Discretionary	N	6,455.6	525.4	78.2	82.0	4.9%	52.1	69.5	22.9	19.8	23.3	22.8
North Asia														
373220 KS	Lg Energy Soluti	Industrials	OW	65,998.0	197,032.9	413,000.0	580,000.0	40.4%	5.9	18.8	NA	113.7	-1.8	2.5
6669 TT	Wiwynn Corp	Information Technology	OW	24,641.7	7,324.9	4,030.0	5,000.0	24.1%	115.7	63.8	15.7	13.6	46.9	43.0
326030 KS	Sk Biopharmaceut	Health Care	N	6,938.8	42,096.1	128,100.0	110,000.0	-14.1%	7.4	16.9	62.3	38.5	25.9	31.7
2377 TT	Micro-Star Intl	Information Technology	N	2,887.9	935.2	102.5	120.0	17.1%	(41.0)	(39.2)	15.5	11.2	10.9	14.4
2356 TT	Inventec	Information Technology	N	4,682.7	770.5	41.1	40.0	-2.6%	(18.0)	(14.7)	17.3	14.4	12.4	13.9
005380 KS	Hyundai Motor	Consumer Discretionary	OW	36,032.9	337,847.8	258,500.0	340,000.0	31.5%	31.8	28.4	5.8	5.5	9.8	9.5
2324 TT	Compal Elec	Information Technology	N	4,141.0	1,634.2	28.7	30.0	4.5%	(15.0)	(18.3)	18.0	13.3	5.0	7.0
241560 KS	Doosan Bobcat In	Industrials	NC	3,596.0	19,055.3	57,200.0	-	-	41.9	34.2	11.9	10.0	6.4	7.3
ASEAN														
INRI MK	Inari Amertron B	Information Technology	N	2,214.6	28.1	2.4	2.2	-7.9%	(17.3)	(19.4)	30.5	27.1	10.9	12.4
FRCB MK	Frontken Corp	Industrials	OW	1,730.5	24.9	4.3	5.1	19.2%	5.1	(1.5)	40.7	33.2	22.3	23.5
GREATEC MK	Greatech Technol	Information Technology	OW	1,088.8	9.5	1.8	2.3	27.8%	(24.5)	(22.5)	26.7	22.7	17.3	17.1
NATGATE MK	Nationgate Holdi	Information Technology	OW	551.0	14.9	1.0	2.4	133.0%	(55.7)	(59.9)	14.3	12.7	16.5	16.3
WPRTS MK	Westports Holdin	Industrials	OW	4,470.4	32.6	5.4	6.5	20.4%	33.1	20.8	19.0	16.7	24.4	25.5
ICT PM	Intl Contain Ter	Industrials	OW	18,719.9	730.1	550.0	641.0	16.5%	43.4	46.8	19.6	17.5	57.5	52.2
DELTA TB	Delta Elec Thai	Information Technology	OW	80,277.0	2,188.9	199.5	240.0	20.3%	34.5	37.2	114.9	80.9	25.8	27.2
UWC MK	Uwc Bhd	Industrials	OW	989.8	10.3	3.5	4.0	13.3%	42.7	17.4	42.2	31.2	17.9	19.6
LatAm ex Mexico														
VALE US	Vale Sa-Sp Adr	Materials	OW	54,876.6	340.4	12.1	15.5	28.2%	21.6	46.7	6.7	6.8	20.9	18.5
WEGE3 BZ	Weg Sa	Industrials	OW	33,561.4	377.4	43.2	50.0	15.8%	(21.5)	(16.7)	28.2	26.1	28.5	27.8
SUZB3 BZ	Suzano Sa	Materials	OW	11,228.8	246.7	48.0	83.5	74.0%	(16.7)	(22.3)	4.8	7.3	25.7	16.8
GGAL US	Grupo Galici-Adr	Financials	OW	7,517.3	133.1	46.8	75.0	60.3%	(13.0)	(23.3)	16.4	10.3	8.2	16.2
EMBJ US	Embraer Sa-Adr	Industrials	OW	11,281.0	66.4	60.9	80.0	31.3%	71.5	66.3	22.0	22.0	10.3	13.9
MBRF3 BZ	Mbrf Global Food	Consumer Staples	OW	5,536.1	271.6	20.8	29.0	39.4%	70.7	37.6	107.8	200.0	4.7	13.7
CMPC CI	Cmpc	Materials	N	3,414.8	4,603.1	1,281.0	1,400.0	9.3%	(16.5)	(17.0)	18.7	11.2	2.2	3.8
Mexico														
CX US	Cemex Sab-Sp Adr	Materials	OW	14,609.9	92.7	10.1	10.5	4.3%	77.4	80.2	11.5	13.0	10.6	8.8
KIMBERA MM	Kimberly-Cla M-A	Consumer Staples	N	5,909.5	128.9	36.5	39.0	7.0%	35.0	29.5	14.9	13.9	97.3	93.5
CUERVO* MM	Becle Sab De Cv	Consumer Staples	N	4,202.7	30.8	21.6	23.0	6.4%	(16.8)	(6.3)	10.7	12.0	10.4	9.6
GCC* MM	Gcc	Materials	OW	3,166.0	74.0	173.4	210.0	21.1%	(1.6)	(6.1)	10.9	10.0	13.5	13.0
ALPEKA MM	Alpek	Materials	N	1,047.2	12.9	9.2	15.0	62.9%	(33.9)	(29.4)	56.5	10.7	0.6	6.2
LABB MM	Genomma Lab-B	Health Care	N	999.8	78.9	18.5	24.0	29.9%	(27.7)	(24.4)	10.7	8.3	17.1	19.5
ORBIA* MM	Orbia Advance Co	Materials	N	1,766.2	62.8	16.6	18.5	11.6%	(8.8)	10.7	NA	12.0	-6.2	3.0
LIVEPOLC MM	El Puerto Liv-C1	Consumer Discretionary	N	7,139.5	35.0	99.8	98.0	-1.8%	(3.0)	3.9	6.7	6.2	11.3	11.7
TRAXIONA MM	Grupo Traxion Sa	Industrials	OW	411.4	21.8	13.7	27.0	97.1%	(37.2)	(28.0)	14.0	6.1	3.9	8.5
NEMAKA MM	Nemak Sab De Cv	Consumer Discretionary	OW	610.0	12.4	3.9	5.4	38.1%	80.2	58.3	NA	8.8	-0.7	5.3

Source: J.P. Morgan Equity Strategy and Global Thematic Research, Bloomberg Finance L.P., I/B/E/S, Factset. Values are as of 11/24/2025.
Note: We wrote on this theme when we introduced the JPGTTREM basket. Doosan Bobcat was covered by JPM at the time; it is currently not under JPM coverage but still applies to this theme.

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	Overweight (buy)	**Neutral** (hold)	**Underweight** (sell)
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IB clients**	50%	48%	35%
JPMS Equity Research Coverage*	48%	40%	12%
IB clients**	73%	69%	52%

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