



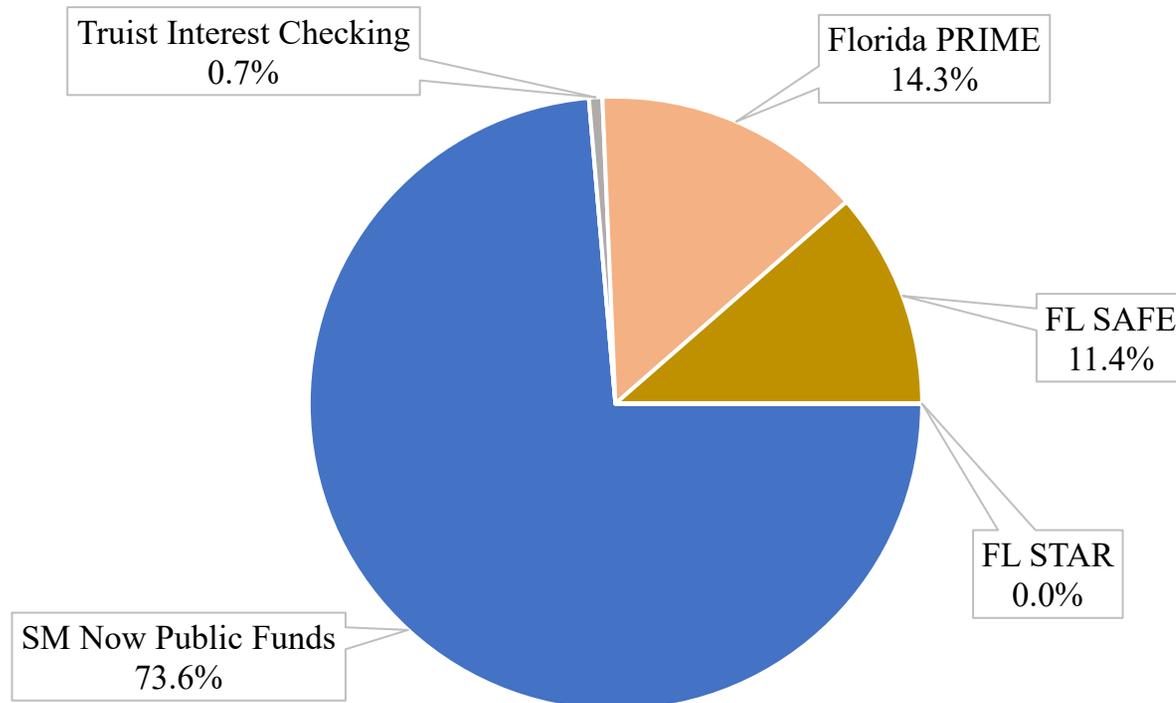
# City of South Miami Finance Department

## Investment Report September 2023

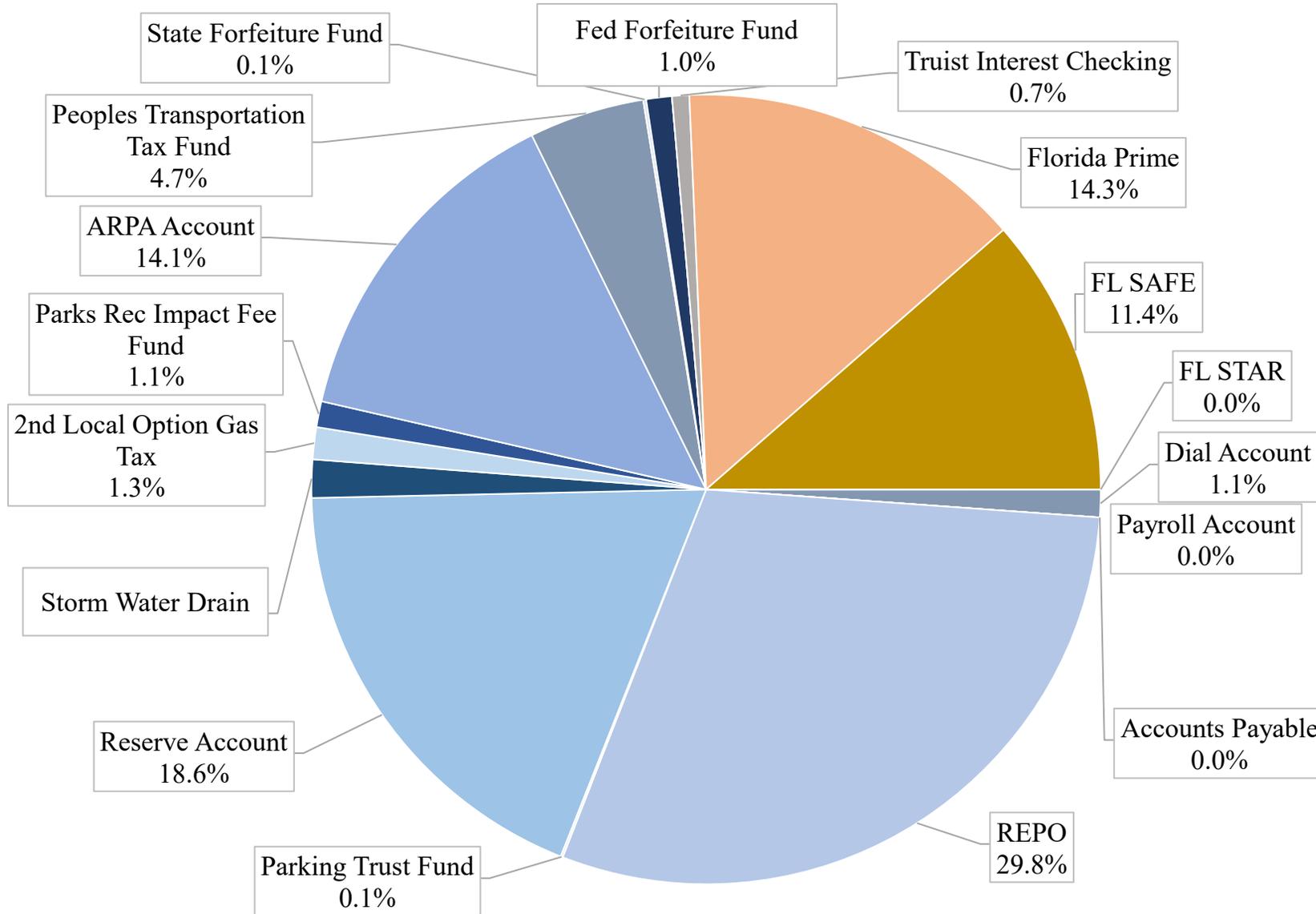


**DAHAB ASSOCIATES**

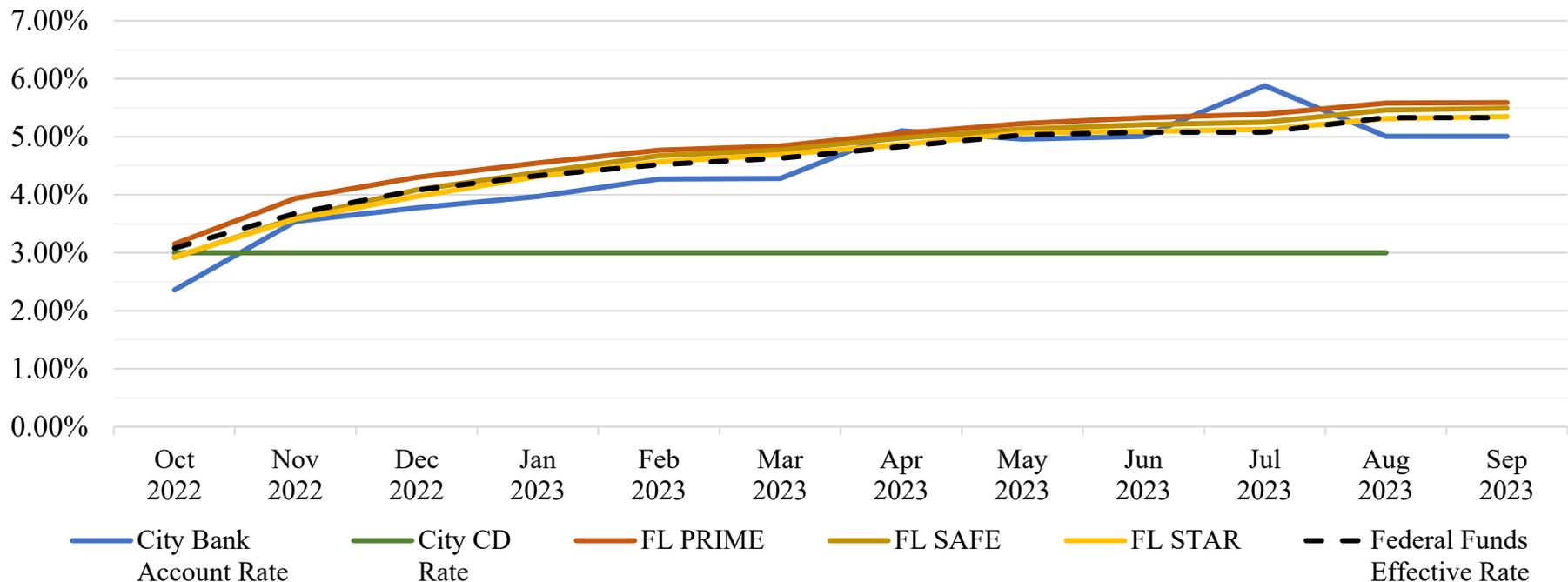
| Type                     | Balance on Jun. 30     | Balance on Sep. 30     | Net Flow Quarter    | Interest Paid Quarter |
|--------------------------|------------------------|------------------------|---------------------|-----------------------|
| SM Now Public Funds      | \$25,721,929.77        | \$26,165,092.11        | \$133,494.26        | \$309,668.08          |
| 12-Month CD              | \$7,183,414.48         | \$0.00                 | -\$7,219,475.09     | \$36,060.61           |
| Truist Interest Checking | \$250,290.13           | \$250,296.45           | \$0.00              | \$6.32                |
| Florida PRIME            | \$1,028,162.51         | \$5,067,044.55         | \$4,000,000.00      | \$38,882.04           |
| FL SAFE                  | \$1,026,039.37         | \$4,058,603.72         | \$3,000,000.00      | \$32,564.35           |
| FL STAR                  | \$514.10               | \$520.94               | \$0.00              | \$6.84                |
| <b>Total</b>             | <b>\$35,210,350.36</b> | <b>\$35,541,557.77</b> | <b>-\$85,980.83</b> | <b>\$417,188.24</b>   |



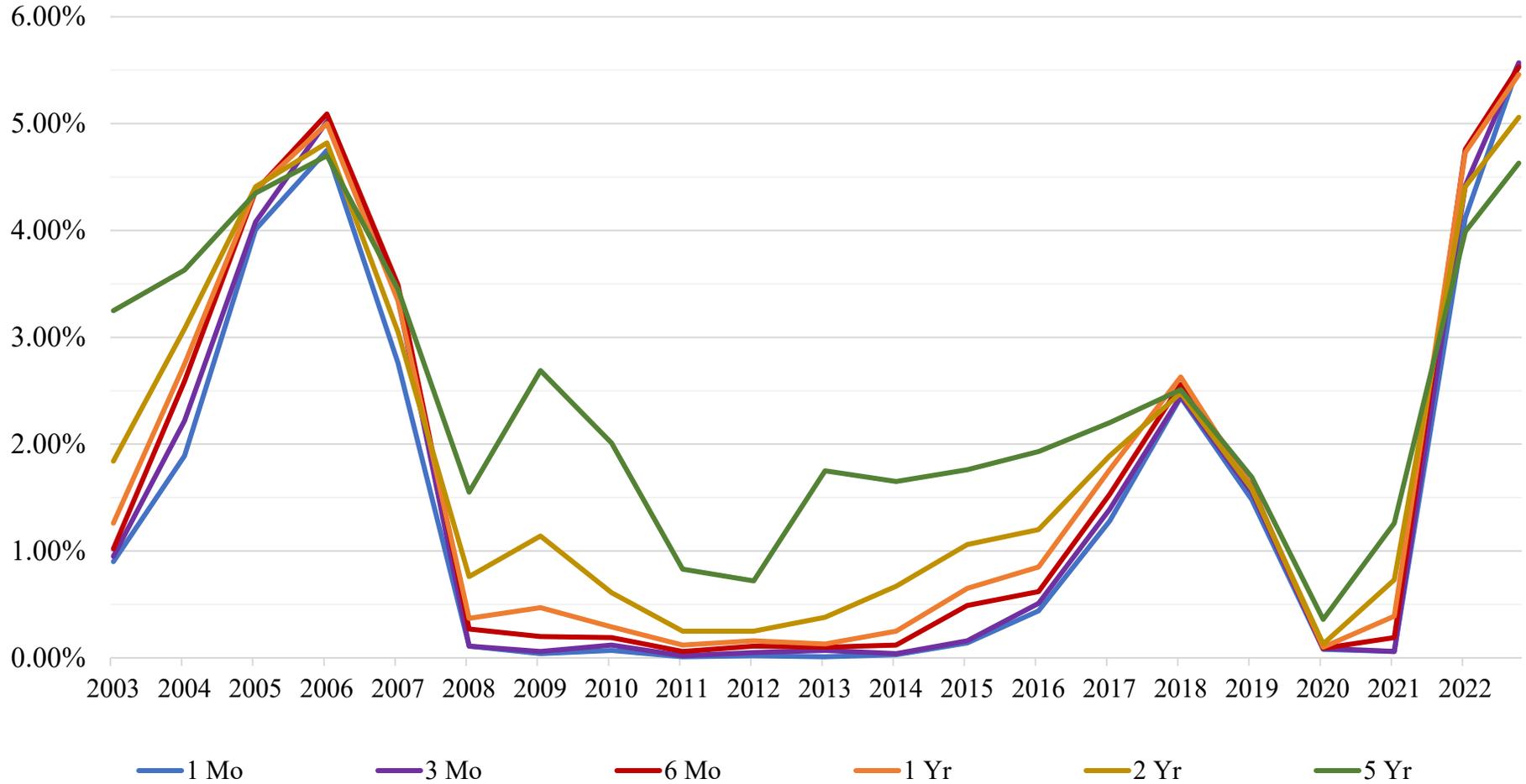
| Name                            | Type                     | Balance on Jun. 30     | Balance on Sep. 30     | Net Flow Quarter    | Interest Paid Quarter | Yield on Sep. 30 |
|---------------------------------|--------------------------|------------------------|------------------------|---------------------|-----------------------|------------------|
| Dial Account                    | SM Now Public Funds      | \$404,467.09           | \$401,843.14           | -\$7,916.42         | \$5,292.47            | 5.01%            |
| Payroll Account                 | SM Now Public Funds      | \$10.11                | \$9.79                 | -\$0.59             | \$0.27                | 4.89%            |
| Accounts Payable                | SM Now Public Funds      | \$11.43                | \$10.48                | -\$1.62             | \$0.67                | 5.15%            |
| REPO                            | SM Now Public Funds      | \$10,098,449.52        | \$10,587,762.12        | \$371,482.77        | \$117,829.83          | 5.01%            |
| Parking Trust Fund              | SM Now Public Funds      | \$31,208.68            | \$31,595.72            | \$0.00              | \$387.04              | 5.01%            |
| Reserve Account                 | SM Now Public Funds      | \$6,546,436.69         | \$6,627,622.94         | \$0.00              | \$81,186.25           | 5.01%            |
| Storm Water Drain Trust         | SM Now Public Funds      | \$553,205.50           | \$554,851.33           | -\$5,239.71         | \$6,885.54            | 5.01%            |
| 2nd Local Option Gas Tax        | SM Now Public Funds      | \$441,702.84           | \$465,567.64           | \$18,271.69         | \$5,593.11            | 5.01%            |
| Parks Rec Impact Fee Fund       | SM Now Public Funds      | \$539,270.23           | \$376,789.01           | -\$167,573.10       | \$5,091.88            | 5.01%            |
| ARPA Account                    | SM Now Public Funds      | \$5,064,940.27         | \$5,022,677.72         | -\$104,618.76       | \$62,356.21           | 5.01%            |
| Peoples Transportation Tax Fund | SM Now Public Funds      | \$1,612,144.37         | \$1,680,639.14         | \$48,685.96         | \$19,808.81           | 5.01%            |
| State Forfeiture Fund           | SM Now Public Funds      | \$42,323.98            | \$42,848.87            | \$0.00              | \$524.89              | 5.01%            |
| Fed Forfeiture Fund             | SM Now Public Funds      | \$387,759.06           | \$372,874.21           | -\$19,595.96        | \$4,711.11            | 5.01%            |
| CD                              | 12-Month CD              | \$7,183,414.48         | \$0.00                 | -\$7,219,475.09     | \$36,060.61           | ----             |
| Truist Interest Checking        | Truist Interest Checking | \$250,290.13           | \$250,296.45           | \$0.00              | \$6.32                | 0.01%            |
| Florida Prime                   | Florida Prime            | \$1,028,162.51         | \$5,067,044.55         | \$4,000,000.00      | \$38,882.04           | 5.59%            |
| FL SAFE                         | FL SAFE                  | \$1,026,039.37         | \$4,058,603.72         | \$3,000,000.00      | \$32,564.35           | 5.493%           |
| FL STAR                         | FL STAR                  | \$514.10               | \$520.94               | \$0.00              | \$6.84                | 5.3497%          |
| <b>Total</b>                    |                          | <b>\$35,210,350.36</b> | <b>\$35,541,557.77</b> | <b>-\$85,980.83</b> | <b>\$417,188.24</b>   | <b>5.11%</b>     |



| Month          | City Bank Account Rate | City CD Rate | FL PRIME | FL SAFE | FL STAR | Federal Funds Effective Rate |
|----------------|------------------------|--------------|----------|---------|---------|------------------------------|
| October 2022   | 2.36%                  | 3.00%        | 3.15%    | 2.92%   | 2.93%   | 3.08%                        |
| November 2022  | 3.54%                  | 3.00%        | 3.94%    | 3.61%   | 3.58%   | 3.68%                        |
| December 2022  | 3.77%                  | 3.00%        | 4.30%    | 4.08%   | 3.97%   | 4.08%                        |
| January 2023   | 3.97%                  | 3.00%        | 4.55%    | 4.39%   | 4.31%   | 4.33%                        |
| February 2023  | 4.27%                  | 3.00%        | 4.77%    | 4.67%   | 4.57%   | 4.52%                        |
| March 2023     | 4.28%                  | 3.00%        | 4.84%    | 4.77%   | 4.69%   | 4.63%                        |
| April 2023     | 5.11%                  | 3.00%        | 5.06%    | 4.98%   | 4.87%   | 4.83%                        |
| May 2023       | 4.96%                  | 3.00%        | 5.23%    | 5.13%   | 5.06%   | 5.03%                        |
| June 2023      | 5.01%                  | 3.00%        | 5.33%    | 5.21%   | 5.10%   | 5.08%                        |
| July 2023      | 5.88%                  | 3.00%        | 5.39%    | 5.25%   | 5.13%   | 5.08%                        |
| August 2023    | 5.01%                  | 3.00%        | 5.58%    | 5.46%   | 5.31%   | 5.33%                        |
| September 2023 | 5.01%                  | ----         | 5.59%    | 5.49%   | 5.35%   | 5.33%                        |



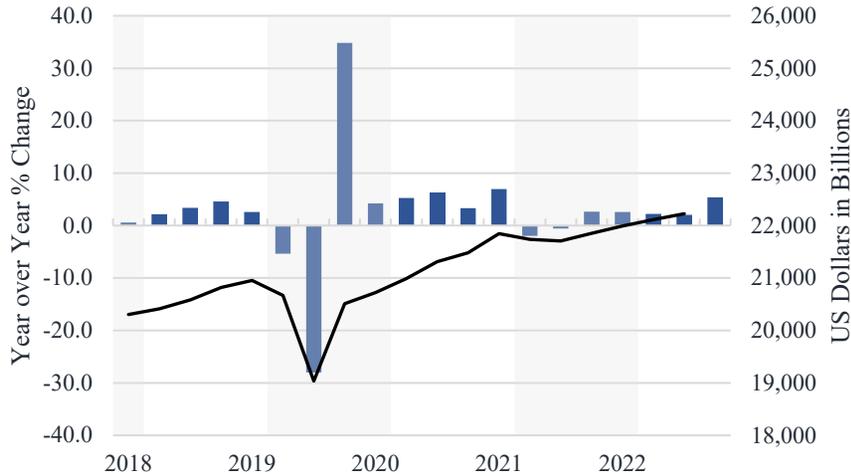
| <b>Year</b>        | <b>1 Mo</b> | <b>3 Mo</b> | <b>6 Mo</b> | <b>1 Yr</b> | <b>2 Yr</b> | <b>5 Yr</b> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2003               | 0.90%       | 0.95%       | 1.02%       | 1.26%       | 1.84%       | 3.25%       |
| 2004               | 1.89%       | 2.22%       | 2.59%       | 2.75%       | 3.08%       | 3.63%       |
| 2005               | 4.01%       | 4.08%       | 4.37%       | 4.38%       | 4.41%       | 4.35%       |
| 2006               | 4.75%       | 5.02%       | 5.09%       | 5.00%       | 4.82%       | 4.70%       |
| 2007               | 2.76%       | 3.36%       | 3.49%       | 3.34%       | 3.05%       | 3.45%       |
| 2008               | 0.11%       | 0.11%       | 0.27%       | 0.37%       | 0.76%       | 1.55%       |
| 2009               | 0.04%       | 0.06%       | 0.20%       | 0.47%       | 1.14%       | 2.69%       |
| 2010               | 0.07%       | 0.12%       | 0.19%       | 0.29%       | 0.61%       | 2.01%       |
| 2011               | 0.01%       | 0.02%       | 0.06%       | 0.12%       | 0.25%       | 0.83%       |
| 2012               | 0.02%       | 0.05%       | 0.11%       | 0.16%       | 0.25%       | 0.72%       |
| 2013               | 0.01%       | 0.07%       | 0.10%       | 0.13%       | 0.38%       | 1.75%       |
| 2014               | 0.03%       | 0.04%       | 0.12%       | 0.25%       | 0.67%       | 1.65%       |
| 2015               | 0.14%       | 0.16%       | 0.49%       | 0.65%       | 1.06%       | 1.76%       |
| 2016               | 0.44%       | 0.51%       | 0.62%       | 0.85%       | 1.20%       | 1.93%       |
| 2017               | 1.28%       | 1.39%       | 1.53%       | 1.76%       | 1.89%       | 2.20%       |
| 2018               | 2.44%       | 2.45%       | 2.56%       | 2.63%       | 2.48%       | 2.51%       |
| 2019               | 1.48%       | 1.55%       | 1.60%       | 1.59%       | 1.58%       | 1.69%       |
| 2020               | 0.08%       | 0.09%       | 0.09%       | 0.10%       | 0.13%       | 0.36%       |
| 2021               | 0.06%       | 0.06%       | 0.19%       | 0.39%       | 0.73%       | 1.26%       |
| 2022               | 4.12%       | 4.42%       | 4.76%       | 4.73%       | 4.41%       | 3.99%       |
| September 30, 2023 | 5.55%       | 5.57%       | 5.53%       | 5.46%       | 5.06%       | 4.63%       |



| Tenor              | 1 Mo  | 3 Mo  | 6 Mo  | 1 Yr  | 2 Yr  | 5 Yr  |
|--------------------|-------|-------|-------|-------|-------|-------|
| September 30, 2023 | 5.55% | 5.57% | 5.53% | 5.46% | 5.06% | 4.63% |

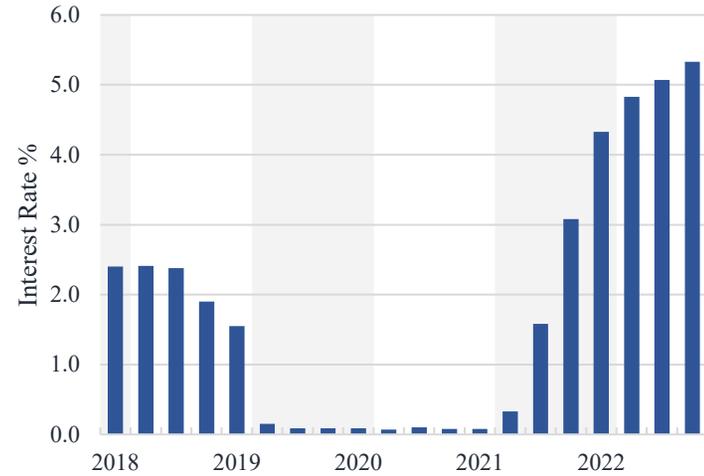
All periods for previous years end December 31.

Real Gross Domestic Product

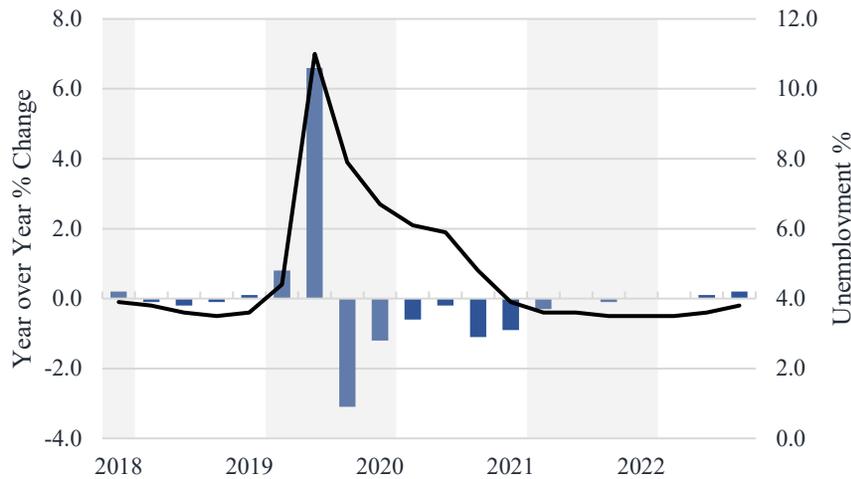


Current quarter GDP is estimated (Source: Atlanta Fed)

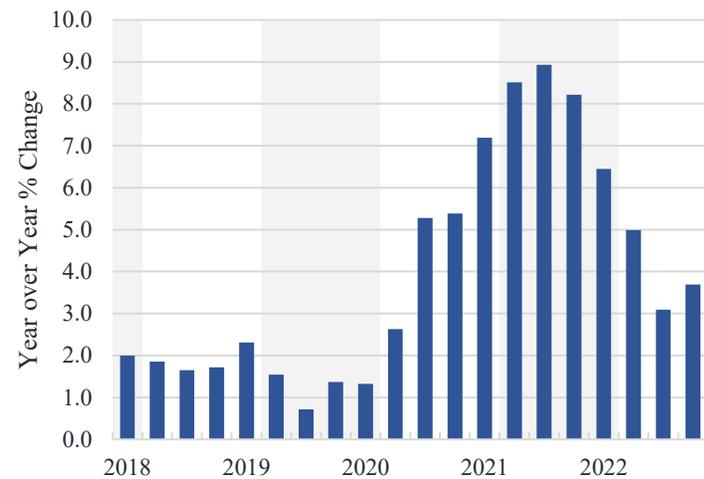
Federal Funds Rate



U.S. Unemployment



Consumer Price Index





# Economic and Market Update

U.S. | 4Q 2023

As of September 30, 2023

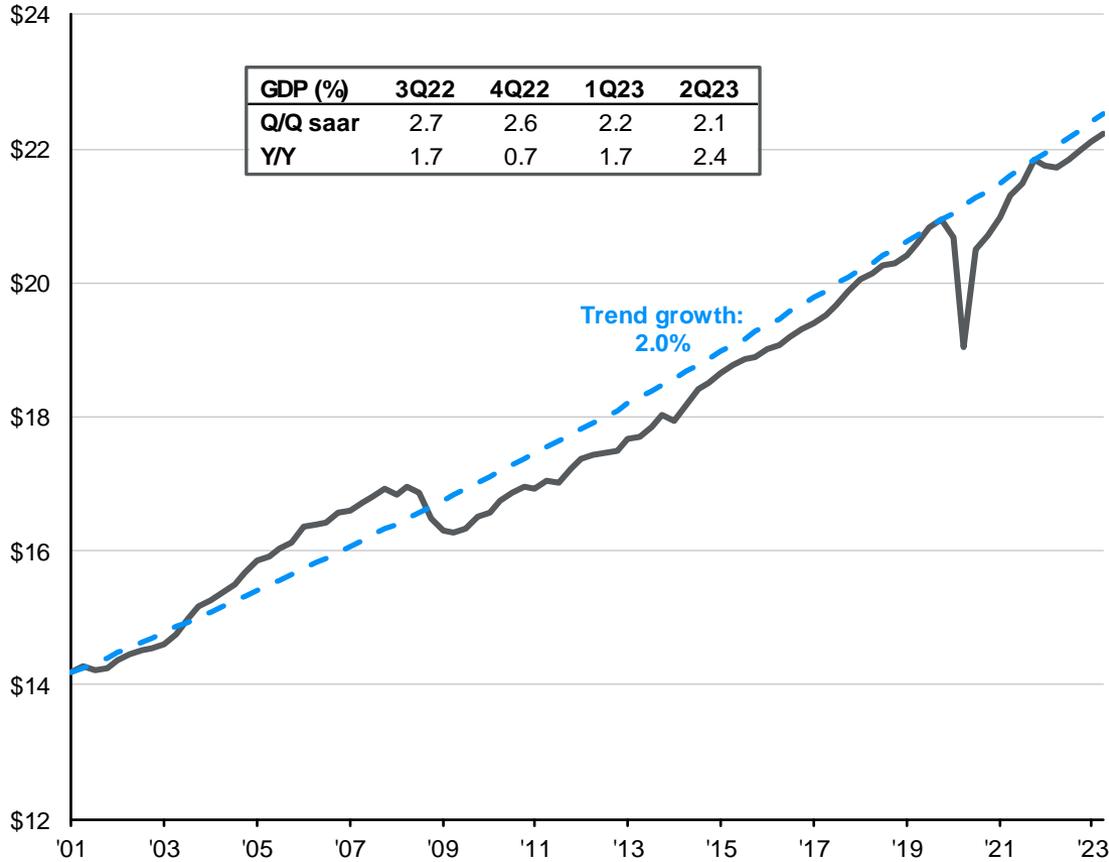




# Economic growth and the composition of GDP

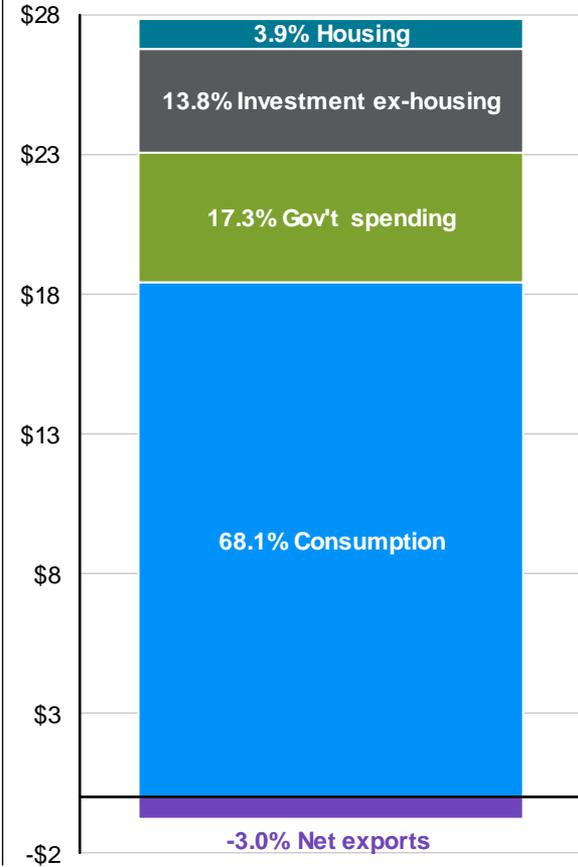
## Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



## Components of GDP

2Q23 nominal GDP, USD trillions



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. *Guide to the Markets – U.S.* Data are as of September 30, 2023.



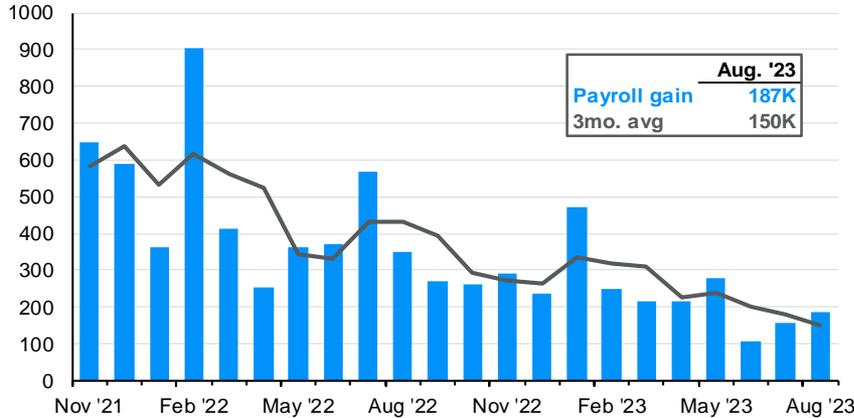
# Labor market dashboard

GTM | U.S. | 26

Economy

## Nonfarm payroll gains

Month-over-month change and 3mo. rolling average, SA

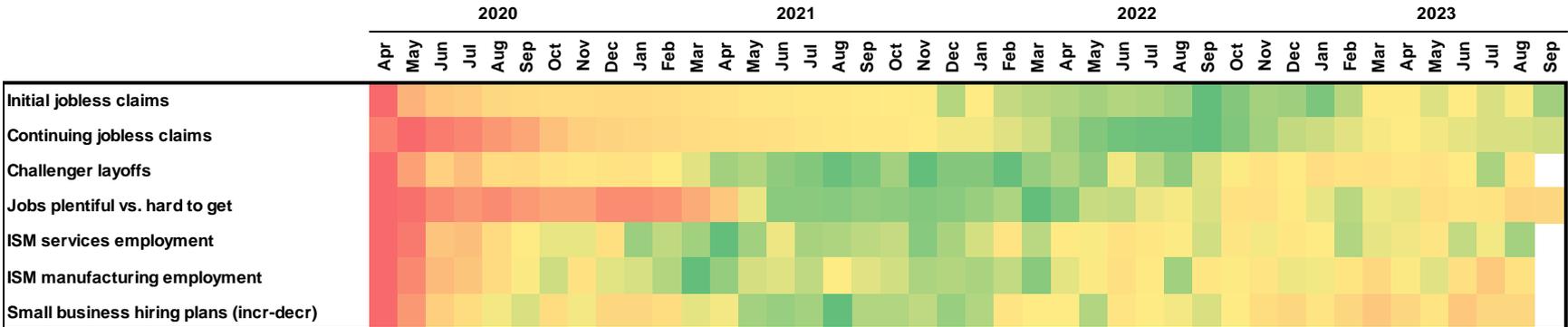


## Labor force participation

% of civilian noninstitutional population, SA



## Key labor market indicators



Source: BLS, Conference Board, FactSet, ISM, NFIB, J.P. Morgan Asset Management. Heatmap shading is relative to the time period shown. For jobless claims and layoffs, red reflects higher values and green reflects lower values. For ISM employment PMIs, shading is centered at a 50 level, with values above 50 indicating acceleration (shaded green) and below 50 indicating deceleration (shaded red) of employment. For jobs plentiful vs. hard to get and small business hiring plans, red reflects low survey values and green reflects high values.

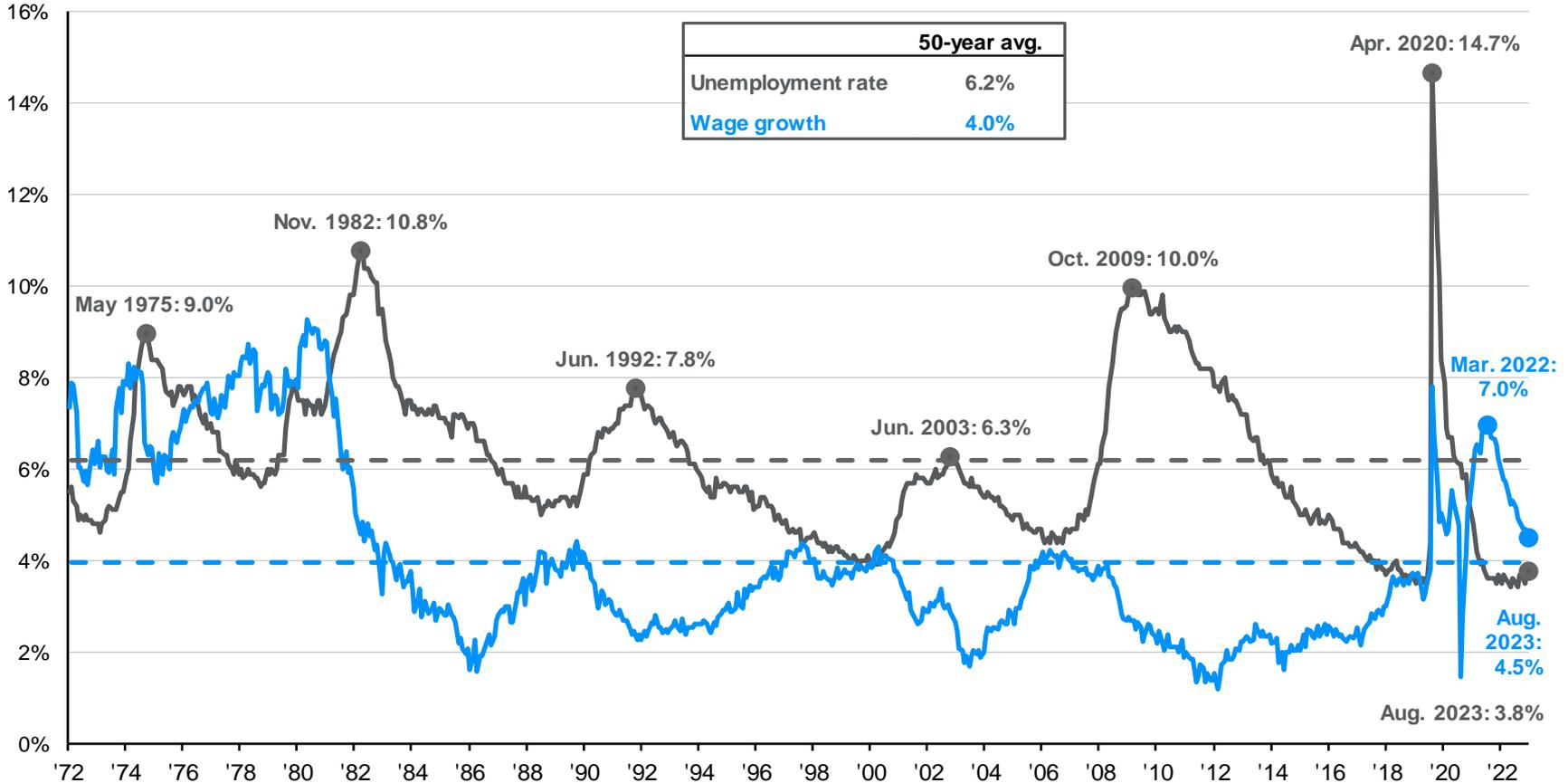
Guide to the Markets – U.S. Data are as of September 30, 2023.



# Unemployment and wages

## Civilian unemployment rate and year-over-year wage growth

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



Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.  
Guide to the Markets – U.S. Data are as of September 30, 2023.

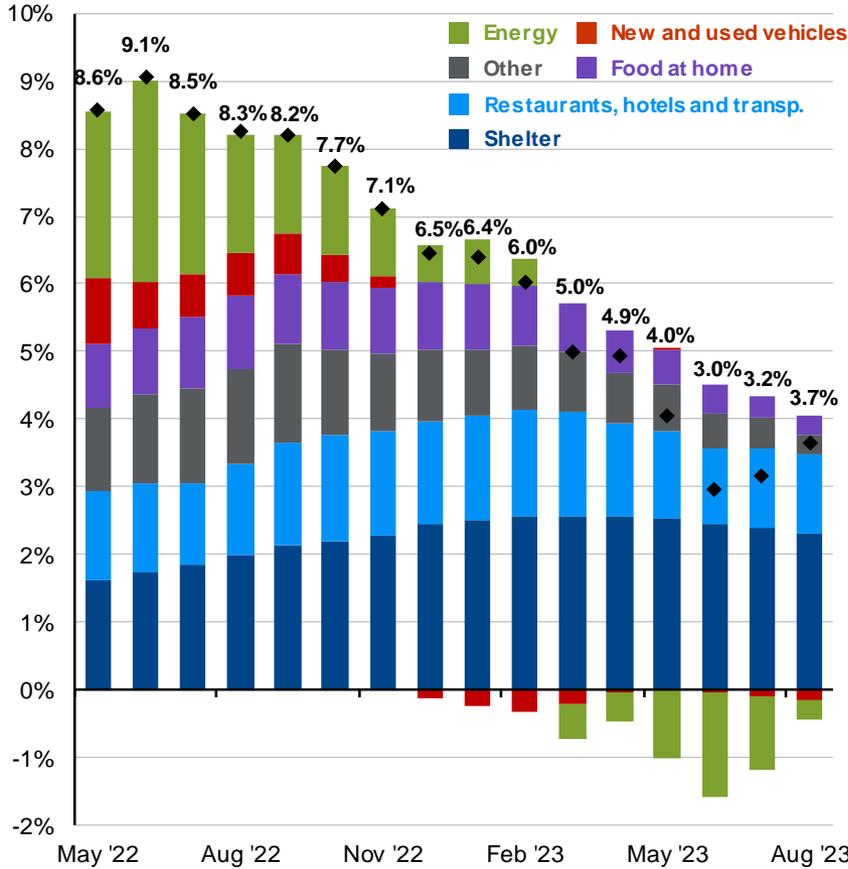


# Inflation components

Economy

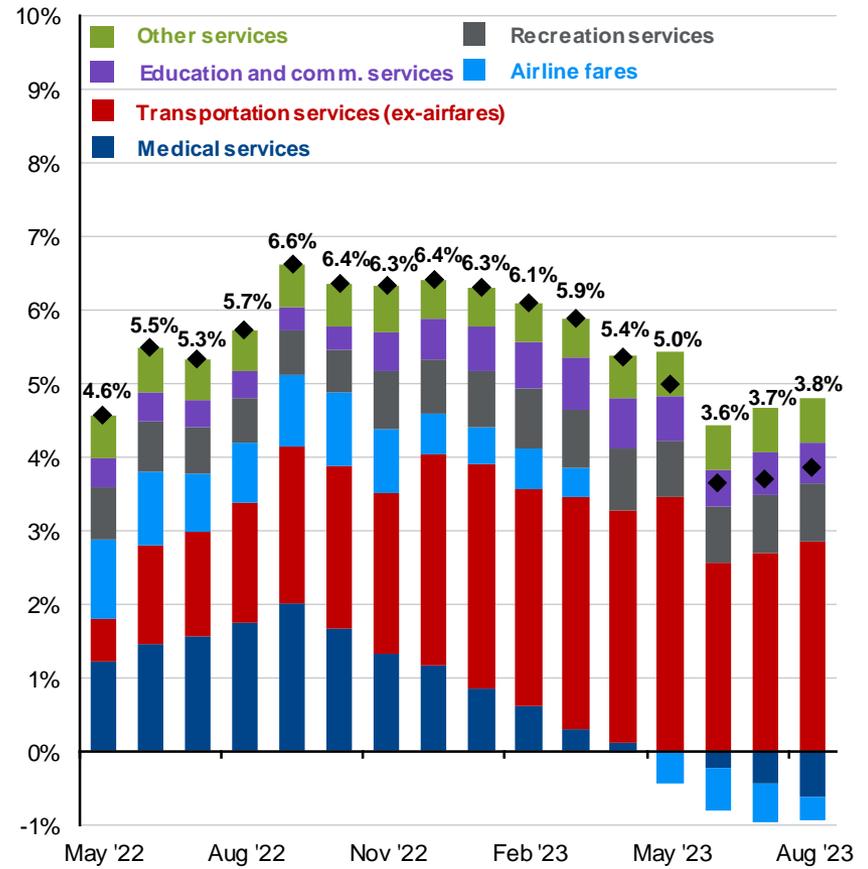
## Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



## Contributors to core services ex-shelter CPI inflation\*

Contribution to y/y % change in custom CPI index, non-seasonally adj.



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. \*Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent and rent of primary residence; "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. (Right) "Transportation services" primarily includes leased cars and trucks, motor vehicle insurance and motor vehicle maintenance and repair. Airline fares are broken out from transportation services.  
 Guide to the Markets – U.S. Data are as of September 30, 2023.

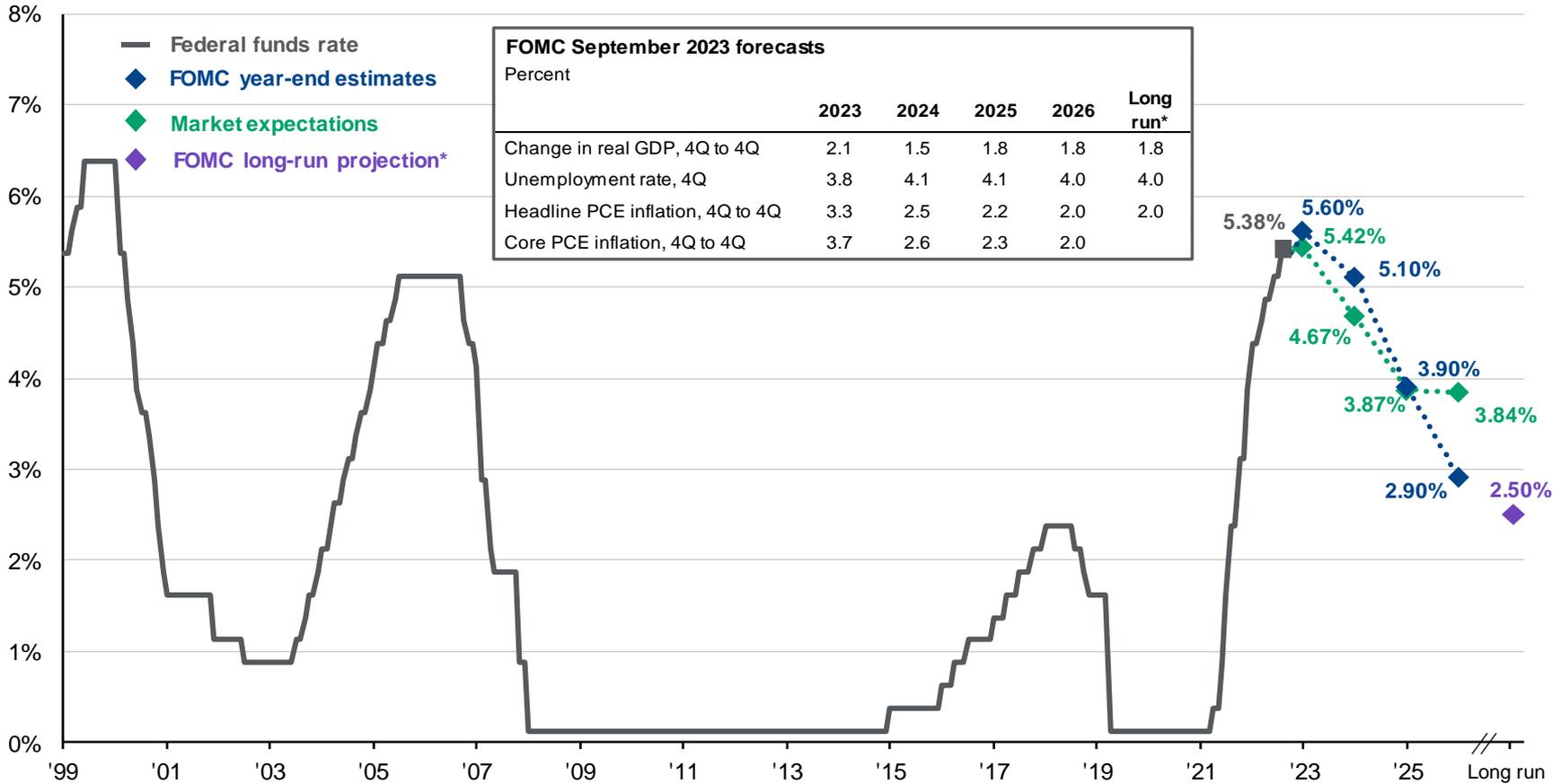


# The Fed and interest rates

Fixed Income

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate



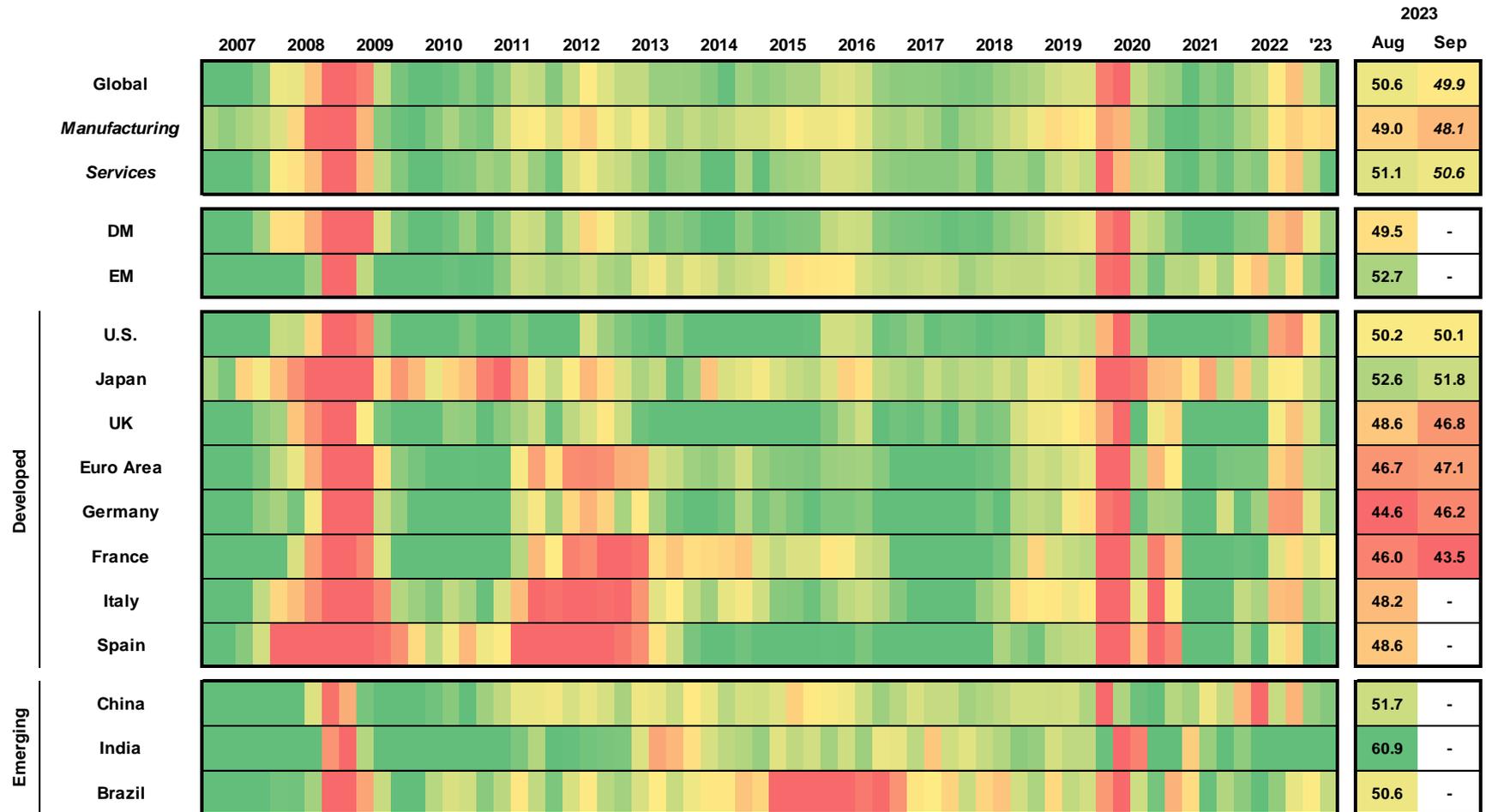
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. *Guide to the Markets – U.S.* Data are as of September 30, 2023.



# Global economic activity momentum

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



International

Developed

Emerging

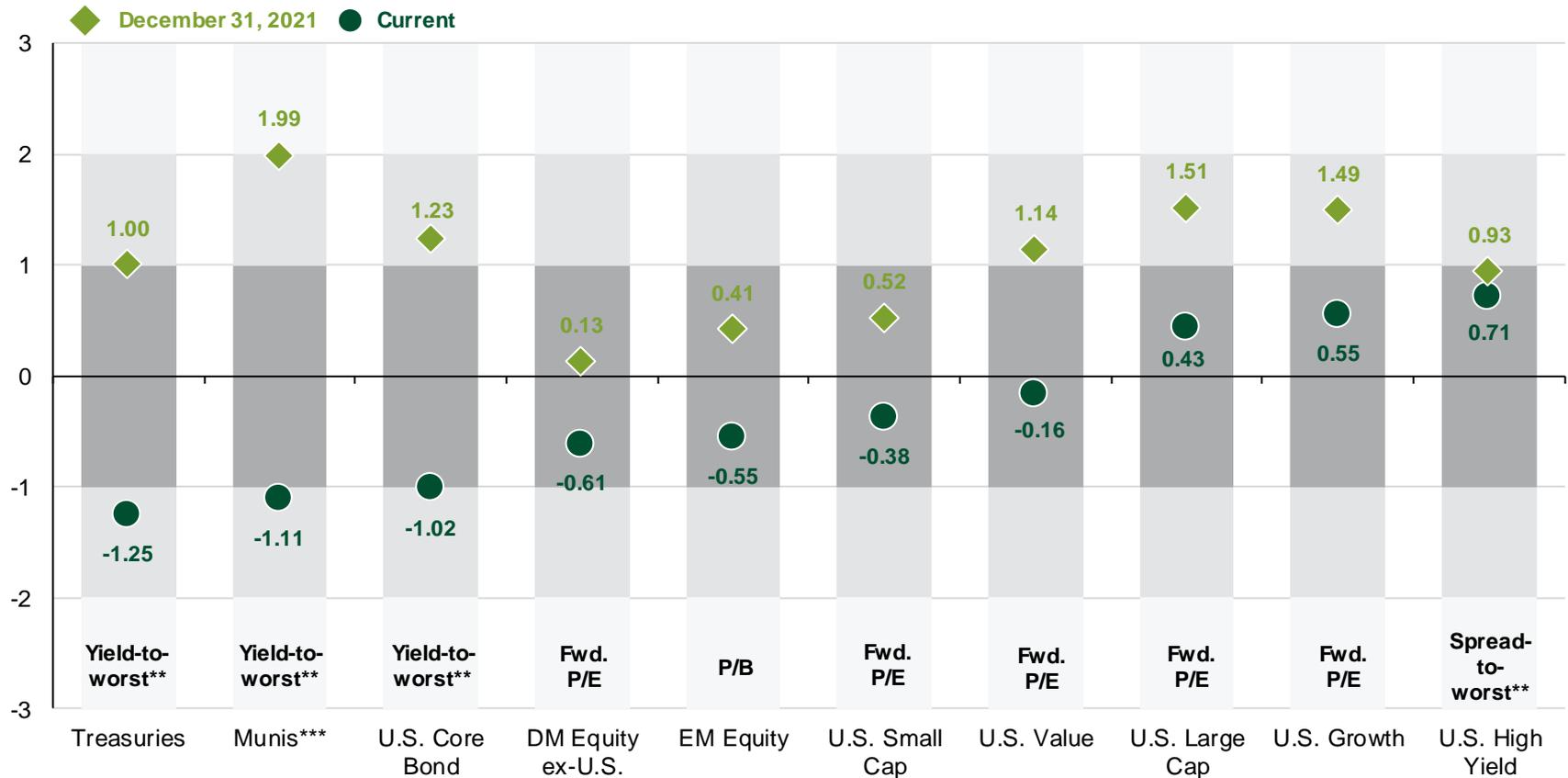
Source: Standard & Poor's, J.P. Morgan Economic Research, J.P. Morgan Asset Management. The Composite PMI includes both manufacturing and services sub-indices. The global, services and manufacturing figures for September are estimates by J.P. Morgan Asset Management. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, except for the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in for 2007-2009. Data for Japan are back-tested and filled in for the first two quarters of 2007. DM and EM represent developed markets and emerging markets, respectively. Guide to the Markets – U.S. Data are as of September 30, 2023.



# Valuations monitor

## Asset class valuations

Z-scores based on 25-year average valuation measures\*



Investing Principles

Source: Bloomberg, BLS, CME, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management.  
 U.S. Large Cap: S&P 500, U.S. Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, U.S. Value: Russell 1000 Value, U.S. Growth: Russell 1000 Growth, U.S. High Yield: J.P. Morgan Domestic High Yield Index, U.S. Core Bond: Bloomberg US Aggregate, Treasuries: Bloomberg U.S. Aggregate Government – Treasury, Munis: Bloomberg Municipal Bond. \*Averages for U.S. High Yield and U.S. Small Cap are since January 1999 and November 1998, respectively, due to limited data availability. \*\*Yield-to-worst and spread-to-worst are inversely related to fixed income prices. \*\*\*Munis yield-to-worst is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%.

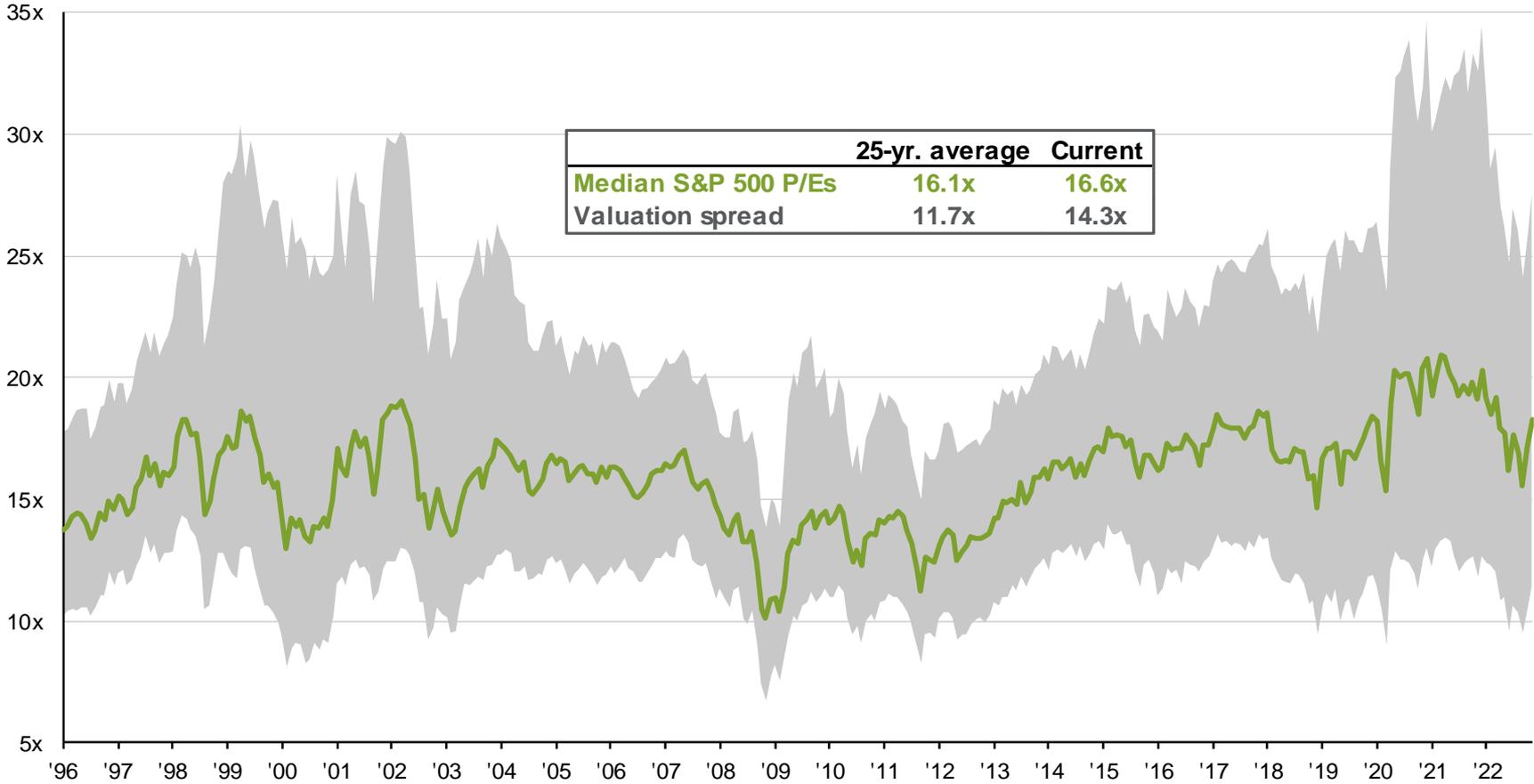
Guide to the Markets – U.S. Data are as of September 30, 2023.



# S&P 500: Valuation dispersion

Equities

### Valuation dispersion between the 20th and 80th percentile of S&P 500 stocks



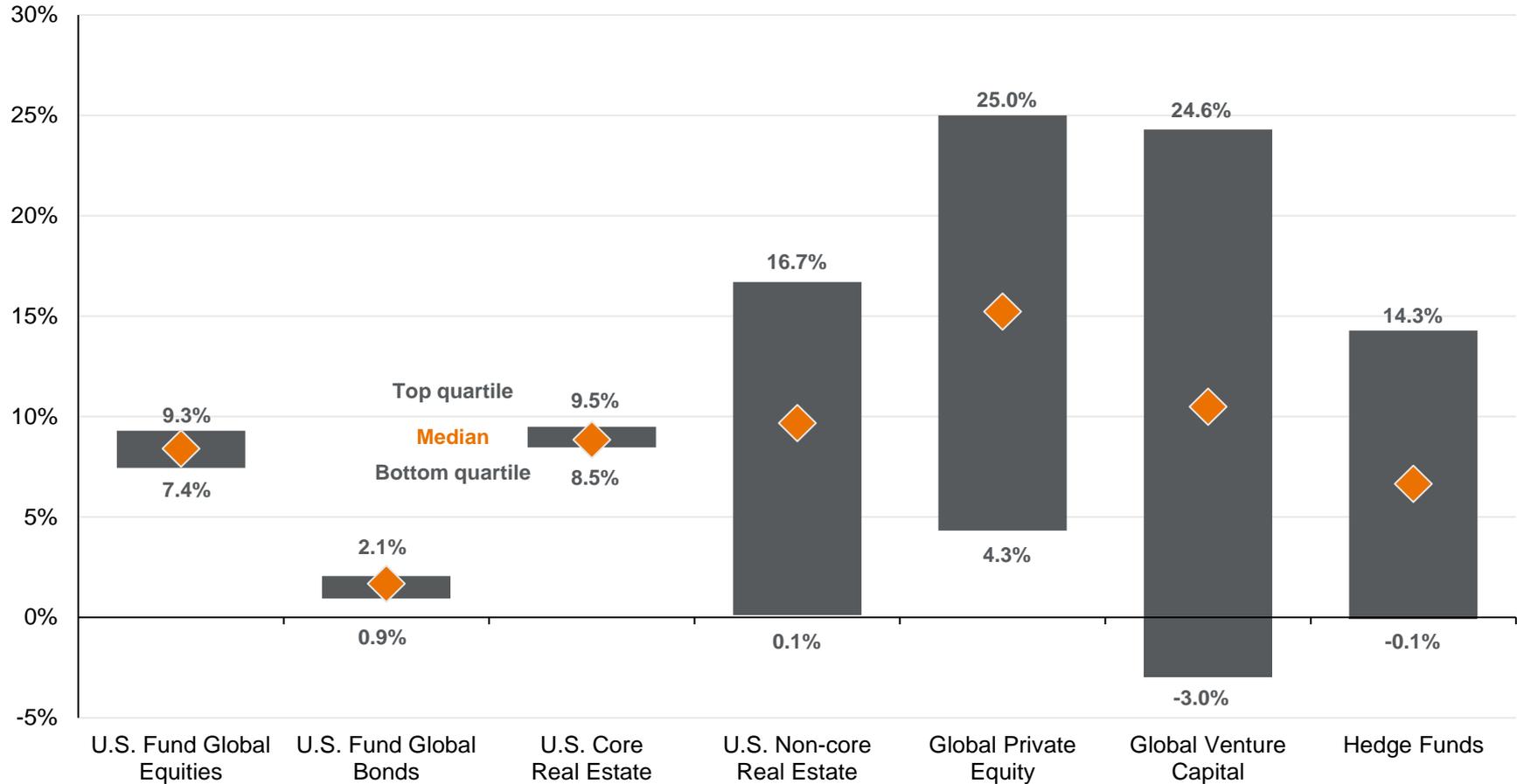
Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of September 30, 2023.



# Alternatives and manager selection

## Public and private manager dispersion

Based on returns over a 10-year window\*



Alternatives

Source: Burgiss, Morningstar, NCREIF, PivotalPath, J.P. Morgan Asset Management. Global equities (large cap) and global bonds dispersion are based on the world large stock and world bond categories, respectively. \*Manager dispersion is based on the annual returns for U.S. Fund Global Equities, U.S. Fund Global Bonds, Hedge Funds and U.S. Core Real Estate over a 10-year period ending 2Q23. Non-core Real Estate, Global Private Equity and Global Venture Capital are represented by the 10-year horizon internal rate of return (IRR) ending 1Q23. U.S. Fund Global Equities and Bonds are comprised of U.S.-domiciled mutual funds and ETFs. This slide comes from our [Guide to Alternatives](#).

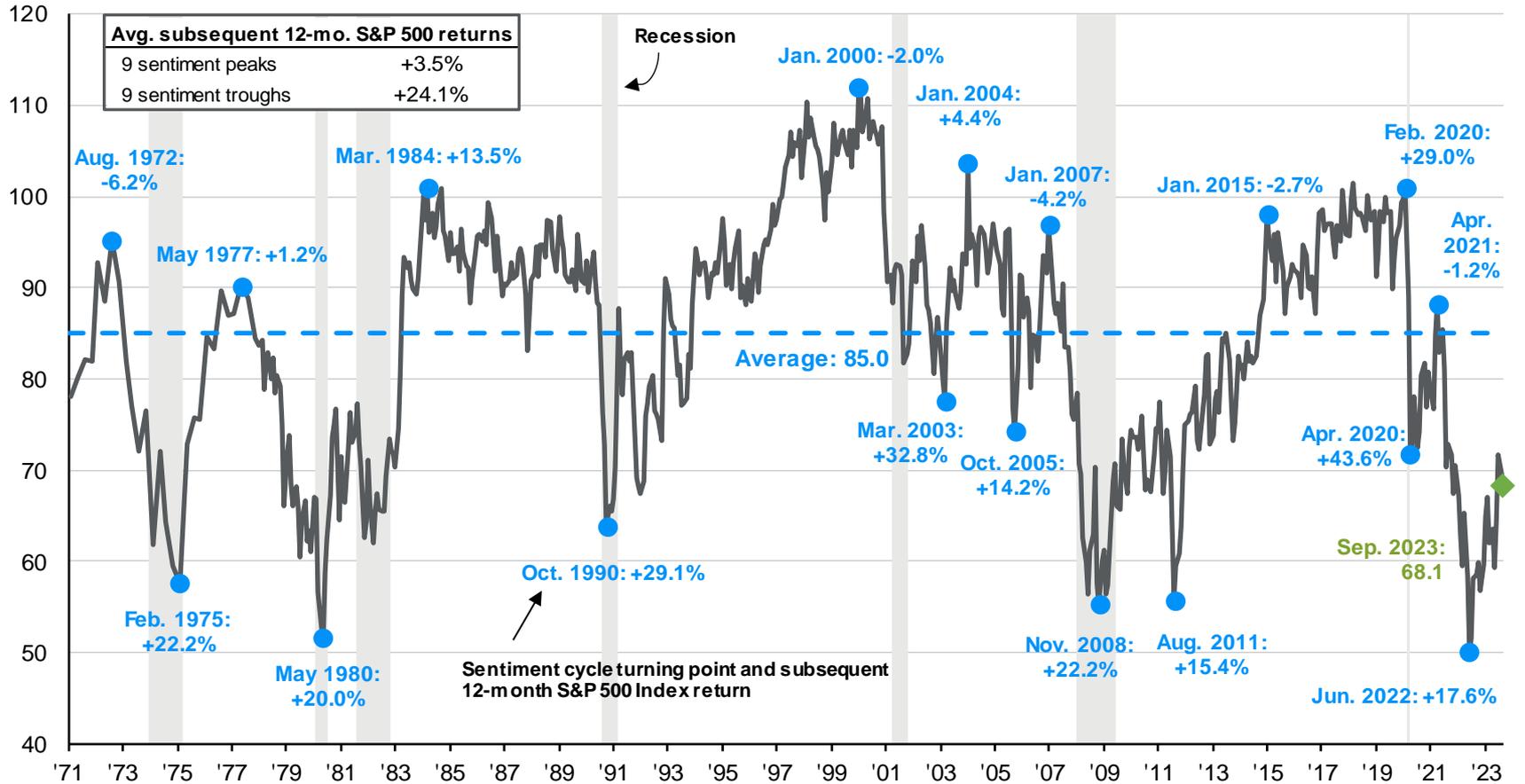
Guide to the Markets – U.S. Data are as of September 30, 2023.



# Consumer confidence and the stock market

Economy

### Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.  
 Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is not a reliable indicator of current and future results.  
 Guide to the Markets – U.S. Data are as of September 30, 2023.



# J.P. Morgan Asset Management – Index definitions

GTM

U.S.

69

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

## Equities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Fixed income:

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

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

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

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

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

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

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

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

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

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

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

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

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

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



# J.P. Morgan Asset Management – Definitions

GTM

U.S.

70

## *Other asset classes:*

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

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

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

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

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

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

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

## *Definitions:*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

GTM

U.S.

71

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

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

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

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

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

This communication is issued by the following entities:

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

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

Copyright 2023 JPMorgan Chase & Co. All rights reserved

Google assistant is a trademark of Google Inc.

Amazon, Alexa and all related logos are trademarks of Amazon.com, Inc. or its affiliates.

Prepared by: David P. Kelly, Jordan K. Jackson, David M. Lebovitz, John C. Manley, Meera Pandit, Gabriela D. Santos, Stephanie Aliaga, Sahil Gauba, Nimish Vyas, Mary Park Durham, and Brandon Hall.

Unless otherwise stated, all data are as of September 30, 2023 or most recently available.

**Guide to the Markets – U.S.**

**JP-LITTLEBOOK | 0903c02a81c3e24a**

**J.P.Morgan**  
ASSET MANAGEMENT