



Market Intel Exchange

Market data and insights from Lincoln and industry asset management partners

As of 9/30/2024

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association



Market intelligence, made easy

Saving you time.

Helping you stay informed.

Providing you valuable insights.

Market Intel Exchange.

The S&P 500 has gained 7.2% on average in the 12 months following the start of U.S. rate cutting cycles.



However, there has been a stark difference in results based upon the state of the economy (see page 5 for more).

Did you know?

A special *thank you* to this quarter's featured contributors:

BlackRock



ClearBridge
Investments



HARTFORDFUNDS
Our benchmark is the investor.®

Invesco

Janus Henderson
INVESTORS

J.P.Morgan
Asset Management

MACQUARIE

PIMCO



Vanguard®

What's inside?

On the minds of investors

NEW! Three key themes on the minds of investors	4
NEW! What could the start of the Fed rate cutting cycle mean for investors?	5
NEW! U.S. presidential elections: Historical patterns in market volatility and returns	6
NEW! Periods of elevated volatility may represent opportunities for investors	7

2024 election

NEW! Common myths about investing in election years, debunked	9
Investment considerations during an election year	10
The markets and U.S. presidential elections	11
NEW! Prioritizing history over politics	12
Presidential approval ratings and market performance	13
A look at market performance during the U.S. presidential cycle	14
Small-caps have historically outperformed large-caps in presidential election years	15
These problems aren't new	16

Economy

NEW! Important days to watch in October	18
U.S. LEI turns positive amid ongoing resiliency	19
Key economic and market metrics	20
Inflation trends and components	21
U.S. gross domestic product	22
Visualizing the U.S. national debt	23
U.S. debt levels	24
The long-term outlook for Social Security	25
The average increase in U.S. home prices	26

Equities

S&P 500: Cumulative returns	28
S&P 500: Valuation measures	29
S&P 500: Index concentration, valuations and earnings	30
S&P 500: Calendar returns and intra-year declines	31
Growth vs. Value leadership rotation	32
International valuations and dividend yields	33
Consumer confidence and subsequent S&P returns	34
S&P 500: Investing at all-time highs	35
Stocks rise far more often than they fall	36
Equity performance around U.S. recessions	37
Returns following money market asset peaks	38

Fixed income

U.S. Treasury yield	40
Yield curve	41
Core bonds: Total return breakdown	42
Core bonds: Starting yields and subsequent returns	43
NEW! What could rate cuts mean for fixed income investing?	44
Long term bond returns and changes to interest rates	45

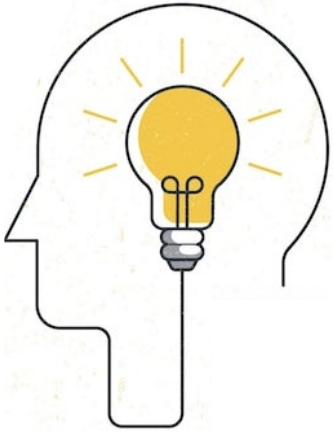
Asset allocation

60/40 portfolio returns	47
Balanced portfolio return expectations	48
Value of diversification	49
The diversification benefits of alternatives	50
NEW! In the short term, an investor's experience is anything but the historical average	51
What's the real return on 12-month CDs?	52
Asset class returns	53

Foundations

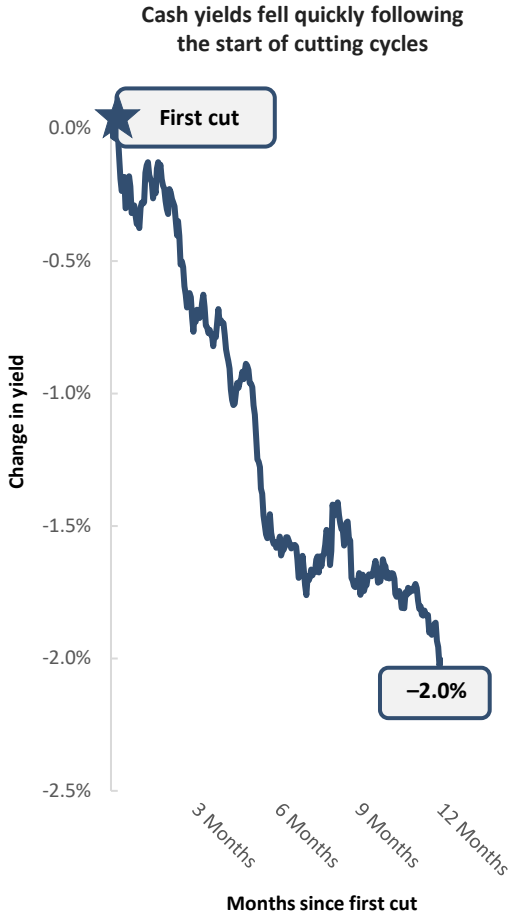
Life expectancy probabilities	55
Effects of withdrawal rates and portfolio allocations	56
Balancing sustainable income and legacy goals	57
Sequence of returns: A tale of two investors	58
Returns needed to recover from losses	59
America's Peak 65 milestone	60
Impact of being out of the market	61
The power of a retirement paycheck	62
Your response to volatility matters	63
Market resiliency	64
Long term investors are often rewarded	65
Time in the market, not timing the market	66
Historical income tax rates	67
The benefits of tax deferral	68
Long-term care planning	69

Three key themes on the minds of investors



- 01** What could the start of the Fed rate cutting cycle mean for investors?
- 02** How have markets performed in the months surrounding presidential elections?
- 03** Why should investors think of market volatility as an opportunity?

What could the start of the Fed rate cutting cycle mean for investors?



Performance of the S&P 500 Index following the start of rate cutting cycles since 1974

First rate cut	Recession ¹ ? ● N ● Y	3 months later	6 months later	12 months later	3 years later (cumul.)	5 years later (cumul.)
Jul 1974	● Y	-25.2%	-18.1%	16.1%	33.1%	51.5%
May 1981	● Y	-0.2%	-5.7%	-10.5%	40.4%	125.0%
Oct 1984	● N	1.9%	11.2%	14.5%	116.3%	152.2%
Jun 1989	● N	9.2%	9.2%	16.8%	40.4%	65.4%
Jul 1995	● N	7.2%	14.1%	23.0%	122.3%	187.9%
Sep 1998	● N	18.9%	25.8%	23.9%	3.0%	2.0%
Jan 2001	● Y	-13.5%	-3.2%	-8.8%	-9.4%	5.7%
Sept 2007	● Y	-1.0%	-8.9%	-20.0%	-18.4%	10.5%
Jul 2019	● Y	1.3%	8.1%	9.9%	44.1%	95.8%
Sep 2024		—	—	—	—	—
Average		-0.2%	3.6%	7.2%	41.3%	77.3%
Average (No recession)		9.3%	15.1%	19.6%	70.5%	101.9%
Average (recession)		-7.7%	-5.6%	-2.7%	18.0%	57.7%

What is this chart showing?

This chart shows the average change in cash yields over the 12 months following the start of rate cutting cycles (left), as well as the average return of the S&P 500 Index following the start of cutting cycles (right).

Why is it important?

The Federal Reserve kicked off its highly anticipated rate cutting cycle with a 50 basis point reduction in September 2024.

History shows cash yields decline rapidly following the start of cutting cycles, falling by 2% on average just twelve months later.

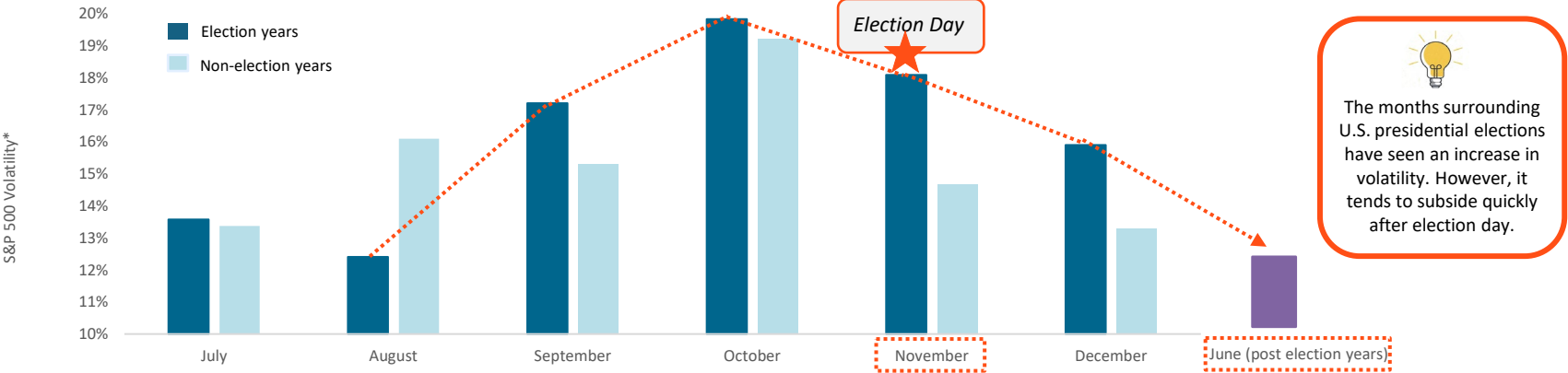
U.S. stocks have delivered a positive return of 7.2% one year after the initial cut, though depending on whether the economy avoids a recession or not within that year has led to starkly different results (+19.6% vs. -2.7%).

As of today, the economy shows no signs of an imminent recession, but this has the potential to change. However, as illustrated by longer-term returns, regardless of where the economy lands this cycle, patient investors should not be deterred from confidently staying the course.

Source: (Left) FactSet – average cash yield change during rate cutting cycles since 1974 represented by the 3-month U.S. Treasury Bill. (Right) Bloomberg, NBER, Morningstar. Includes cutting cycles in which the Federal Reserve lowered rates in multiple meetings without hiking. ¹Cycle is considered recessionary if the U.S. economy was either in a recession when the first cut occurred or entered a recession within 12 months of the first cut according to the NBER. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.
LCN-6980813-090424

U.S. presidential elections: Historical patterns in market volatility and returns

Average monthly realized volatility: Election years vs. non-election years since 1980



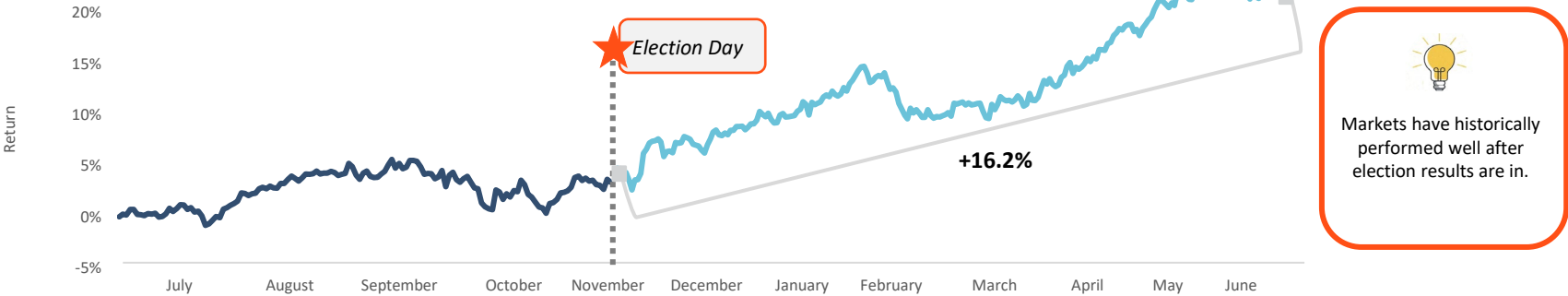
What is this chart showing?

This chart shows average monthly realized volatility in the second half of election years and non-election years (top), as well as the average one-year return of the S&P 500 beginning in July of election years since 1980 (bottom).

Why is it important?

Based on trends, we shouldn't be surprised if we see an increase in volatility leading up to the U.S. presidential election. That said, history shows that it may be temporary, as markets tend to calm rather quickly once the results are in.

S&P 500: Average 1-year performance from July of election years since 1980



A similar trend can be seen in stock prices, which on average have been choppy beginning in September and lasting into November of election years.

However, after Americans go to the polls, investors who stayed the course have historically been rewarded with strong gains, both in the short- and long-term.

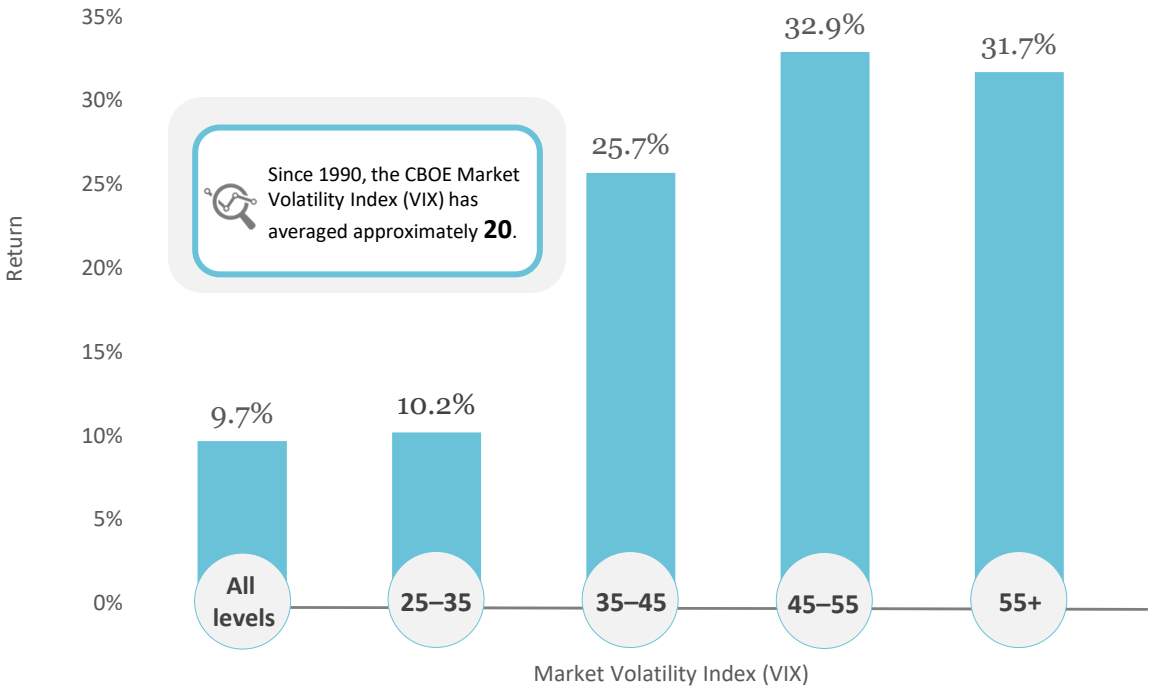
On average, an investment made on November 1st of election years has rallied 16.2% over the next eight months and went on to gain 11.6% annually over the next decade.

Source: Bloomberg, Morningstar 1980 – 8/31/2024. *S&P 500 volatility represented by annualized standard deviation of daily returns. Election Day represented as November 1st of each year in which there was a presidential election. Returns based on S&P 500 Total Return Index including dividends. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Periods of elevated volatility may represent opportunities for investors

S&P 500 average one-year returns from VIX levels

The VIX, often referred to as the “fear gauge,” is a real-time measure of expected near-term volatility of the S&P 500 derived using option prices.



Since 1990, the CBOE Market Volatility Index (VIX) has averaged approximately **20**.

Historical examples of periods the VIX has peaked at certain volatility threshold levels

VIX level	Historical examples
55+	COVID-19 Global Pandemic (2020)
45-55	Tech bubble (2002)
35-45	Markets react to 9/11 attacks (2001)
25-35	FED begins tightening to combat inflation (2022)

What is this chart showing?

This chart shows the average one-year performance of the S&P 500 from various VIX levels since 1990, as well as historical examples of events that occurred when the VIX index hit certain thresholds.

Why is it important?

Volatility is a feature of investing, not a defect. However, many investors instinctually view it as something to fear and avoid, which can lead to poor behavior and subpar long-term results.




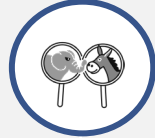

Using the daily closing price of the VIX, an investment made at any level had a solid average one-year return of 9.7%. However, an investment made on days where the VIX was elevated performed meaningfully better.

Investors could benefit from thinking of the VIX as an “opportunity index.” Because while it’s always a good time to invest, history shows that some of the best opportunities have come during periods associated with elevated volatility.

Source: Morningstar. FactSet, Lincoln Financial 1/1/1990 - 7/31/2024. Past performance does not guarantee future results. Subsequent 1-year returns represent the average forward 12-month return of the S&P 500 TR based on all days in which the VIX closed within each specified range. VIX is the ticker symbol for the CBOE Volatility Index. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

2024 election

Common myths about investing in election years, debunked

 Myth	 Fact
<p>Myth #1: Stocks don't do well around presidential elections</p>	<div style="display: flex; align-items: center;">  <p>While often the cause of short-term uncertainty, after the results are in, markets have historically performed well into the year following presidential elections. On average since 1980, an investment made on November 1st of election years has gained 16% over the next eight months — see page 6.</p> </div>
<p>Myth #2: One party or the other is “better” for market returns</p>	<div style="display: flex; align-items: center;">  <p>Markets have historically generated strong returns regardless of which party controls the White House or Congress — see page 12.</p> </div>
<p>Myth #3: The president's popularity influences market performance</p>	<div style="display: flex; align-items: center;">  <p>Investors don't have to love what is going on in Washington to prosper in the markets. In fact, the S&P 500 has performed best when the president's approval rating was below 50% — see page 13.</p> </div>

What is this chart showing?

This chart highlights three common myths about elections and investments, demonstrating why sticking to a long-term investment plan historically has been a better path to success than trying to predict political cycles.

Why is it important?

Investors may be thinking about how the added uncertainty that comes with an election year could impact markets, and their portfolios.

The highlighted points can help ease concerns and reinforce the fact that while near-term events like presidential elections can bring short-term volatility, it is often short-lived.

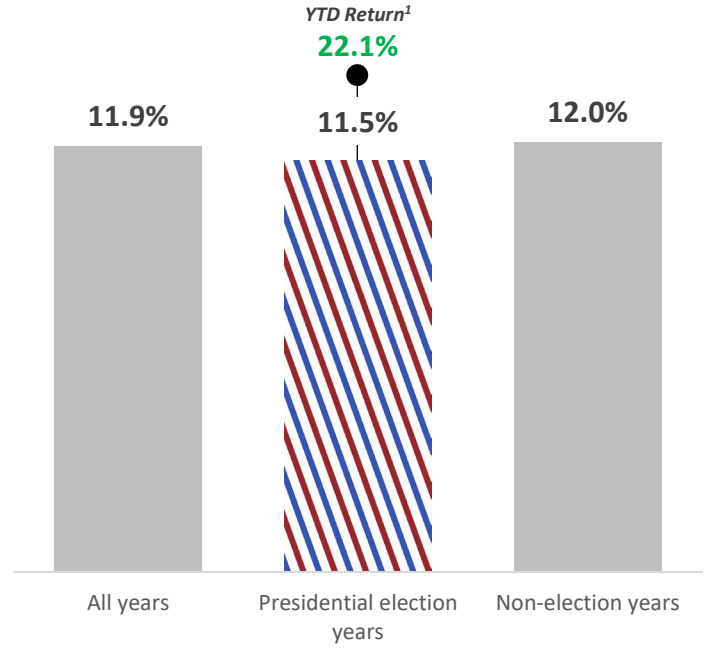
Therefore, the best approach for many is to tune the noise out and stay focused on their long-term goals.

Source: Lincoln Financial, Janus Henderson, Invesco.

Past performance does not guarantee or predict future performance. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Investment considerations during an election year

Markets have performed well during presidential election years
Average performance of the S&P 500 index (1928 – 2023)



By design, elections have clear winners and losers. But the real winners were investors who avoided the temptation to wait out election year jitters, and instead *stayed invested for the long haul.*

A sweep by either political party could benefit certain sectors

May benefit from a red wave

- Banks/Financials**
Weaker regulation, lower capital requirements
- Aerospace/Defense**
Proposed increase in spending
- Health care**
Proposed deregulation promotes competition and efficiency, but this could lower prices/profits
- Oil and gas**
Support for domestic drilling and mining could result in lower price per barrel

May benefit from a blue wave

- Renewable energy**
Inflation Reduction Act (IRA) support, strong environmental regulations
- Telecommunications**
Expansion of broadband funding
- Industrials**
Increased immigration should keep wage inflation low
- Tech manufacturing**
Continued stimulus support from IRA and CHIPS Act

What is this chart showing?

This chart shows the average performance of the S&P 500 since 1928 in three different scenarios: all years, presidential election years, and non-election years (left), as well as sectors that may benefit from a Republican or Democratic party sweep (right).

Why is it important?

People care about politics, markets do not. Stocks tend to do well in presidential election years, and 2024 has been no exception. All but four of the last 24 election years have seen stocks deliver positive returns, and three of those that did not were periods of economic crisis (1932, 2000, 2008).

In the near term though, political agendas could help boost individual sectors – especially in the case of a party controlling both the White House and Congress.

That said, attempting to position portfolios around the political outlook for certain sectors isn't likely to be a winning strategy, as party goals are not the only factor influencing company results. Investors are better served tuning out the election noise and focusing on the long-term fundamental drivers of markets.

Source: Morningstar, Capital Group, DFA Matrix book (Left): S&P 500 data sourced from DFA Matrix book from 1928 – 1936 then Morningstar from 1937 – 2023. ¹YTD total return as of September 30, 2024. Average of calendar year returns — total return including dividends. (Right): Capital Group, "Outlook: Midyear Issue: Long-term Perspective on Markets and Economies," June 2024. <https://www.capitalgroup.com/advisor/pdf/shareholder/MFCPBR-101-1053693.pdf>. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

The markets and U.S. presidential elections



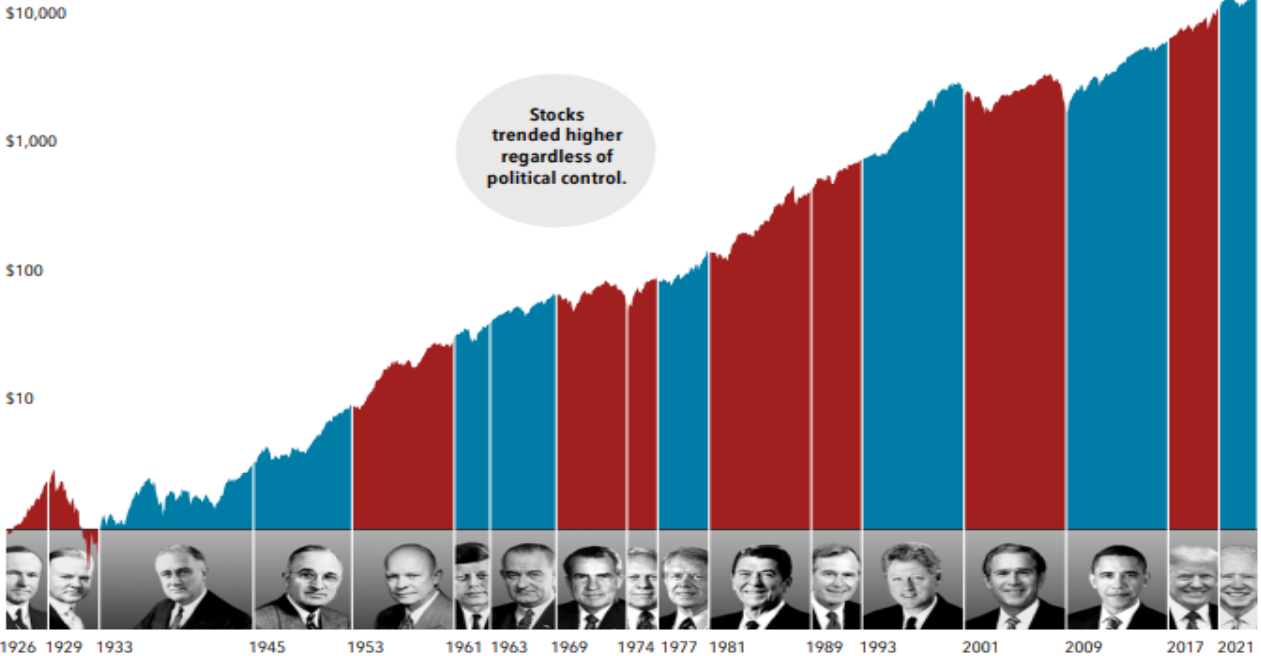
It's natural for investors to look for a connection between who wins the White House and which way stocks will go. But regardless of who wins, nearly a century of returns shows that stocks have trended upward.

Shareholders are investing in companies, which focus on serving their customers and growing their businesses, regardless of who is in the White House.

U.S. presidents may have an impact on market returns, but so do many other factors — the actions of foreign leaders, interest rate changes, changing oil prices, and technological advances, just to name a few.

Stocks have rewarded disciplined investors for decades, through both Democratic and Republican presidencies.

HYPOTHETICAL GROWTH OF \$1 INVESTED IN THE S&P 500 INDEX
1926–2023



Source: Dimensional. *Reprinted with permission from Dimensional.* **Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.** In USD. Growth of wealth shows the growth of a hypothetical investment of \$1 in the securities in the S&P 500 Index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

Prioritizing history over politics

Janus Henderson INVESTORS

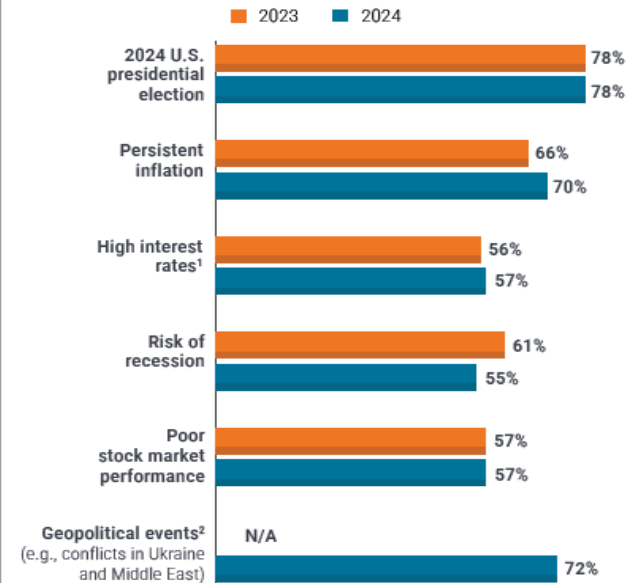
Janus Henderson’s 2024 survey found that 78% of investors are concerned about how the upcoming presidential election may impact their financial situation over the next 12 months. Despite typical investor anxiety around presidential elections, history shows that equities perform well regardless of which party is in control.

Furthermore, broader market drivers such as rate trajectory, economic growth, inflation, and corporate profits are likely to play a greater role in shaping the investment landscape than the election.

Source: Janus Henderson Investors, as of June 30, 2024. Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

Notes: Market performance based on S&P 500 Index for the period 1937 – June 30, 2024. Calendar year defined as January 1 – December 31. Unified government indicates that the party of the incumbent president also controls both houses of Congress. Divided government indicates that the party of the incumbent president does not control both houses of Congress.

Areas of concern over the next 12 months
(% of respondents indicating they are very or somewhat concerned, as it relates to the impact on their finances)



Market returns based on party control

(1937-2024)

A house divided seems to stand just fine

Average annual return of S&P 500® Index

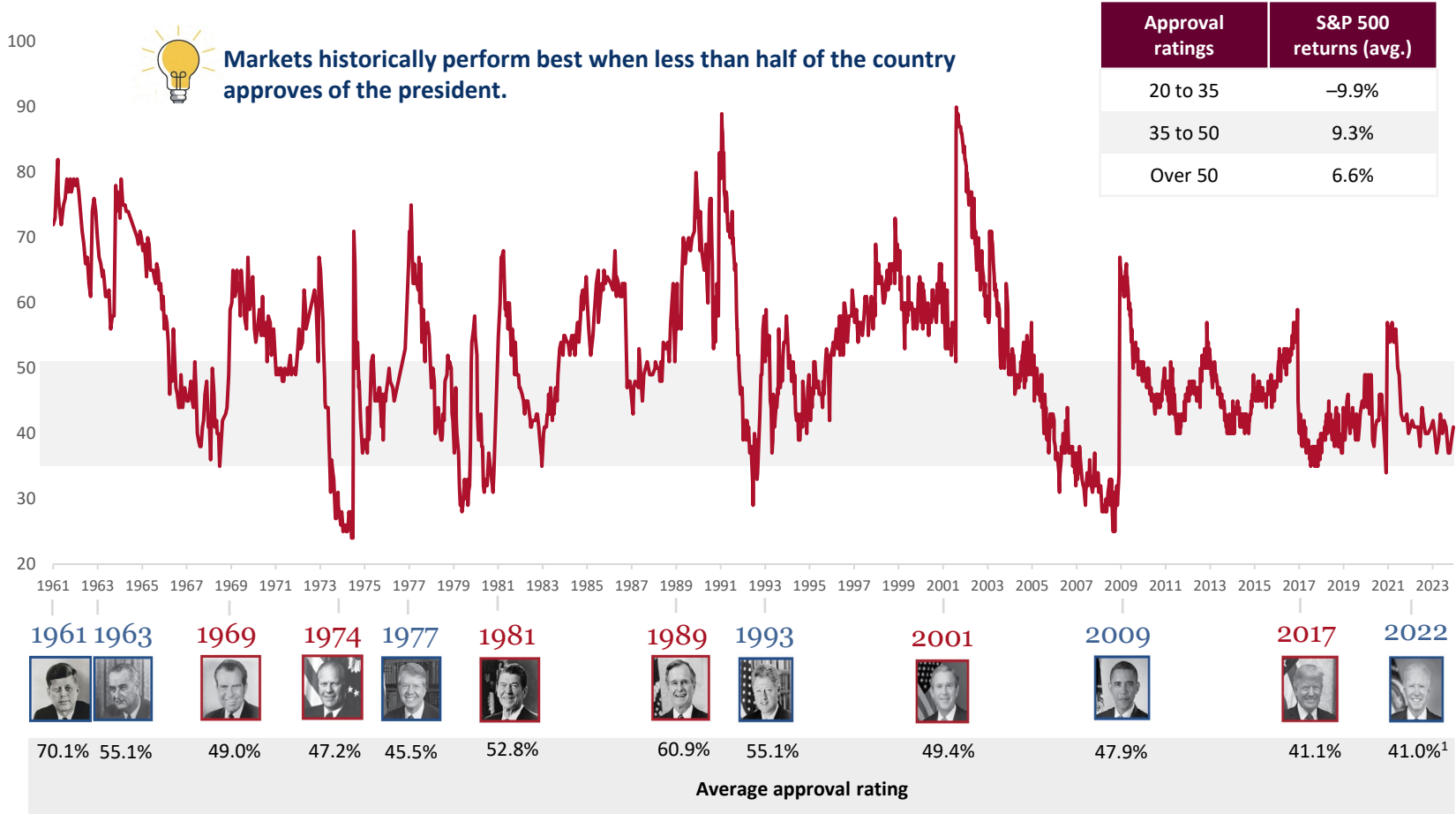
Unified government (Democrat)	12.06%
Unified government (Republican)	16.13%
Divided government, Democratic President	15.93%
Divided government, Republican President	9.37%

Source: Janus Henderson Investors. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

1 The 2023 survey asked about “rising interest rates;” this was changed to “high interest rates” for 2024 survey.2 “Geopolitical events” was a new option added in the 2024 survey, thus data on investor sentiment is not available for 2023.

Presidential approval ratings and market performance

Presidential approval ratings, Gallup poll (%)



What is this chart showing?

This chart shows the average presidential approval ratings from 1961 through January 31, 2024, as well as the average historical market performance under different presidential approval rating ranges.

Why is it important?

Investors don't need to agree with political agendas to do well in the markets. In fact, some of the best returns in the market happened when approval ratings were between 35% and 50%. In other words, strong returns came even when less than half the country approved of the current administration.

Source: Presidential portraits. Library of Congress, <https://www.loc.gov/free-to-use/presidential-portraits>. Invesco. Bloomberg, Gallup. Data as of 1/31/2024. ¹Biden approval rating as of 1/31/2024. **Past performance is not indicative of future returns.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

A look at market performance during the U.S. presidential cycle

PIMCO

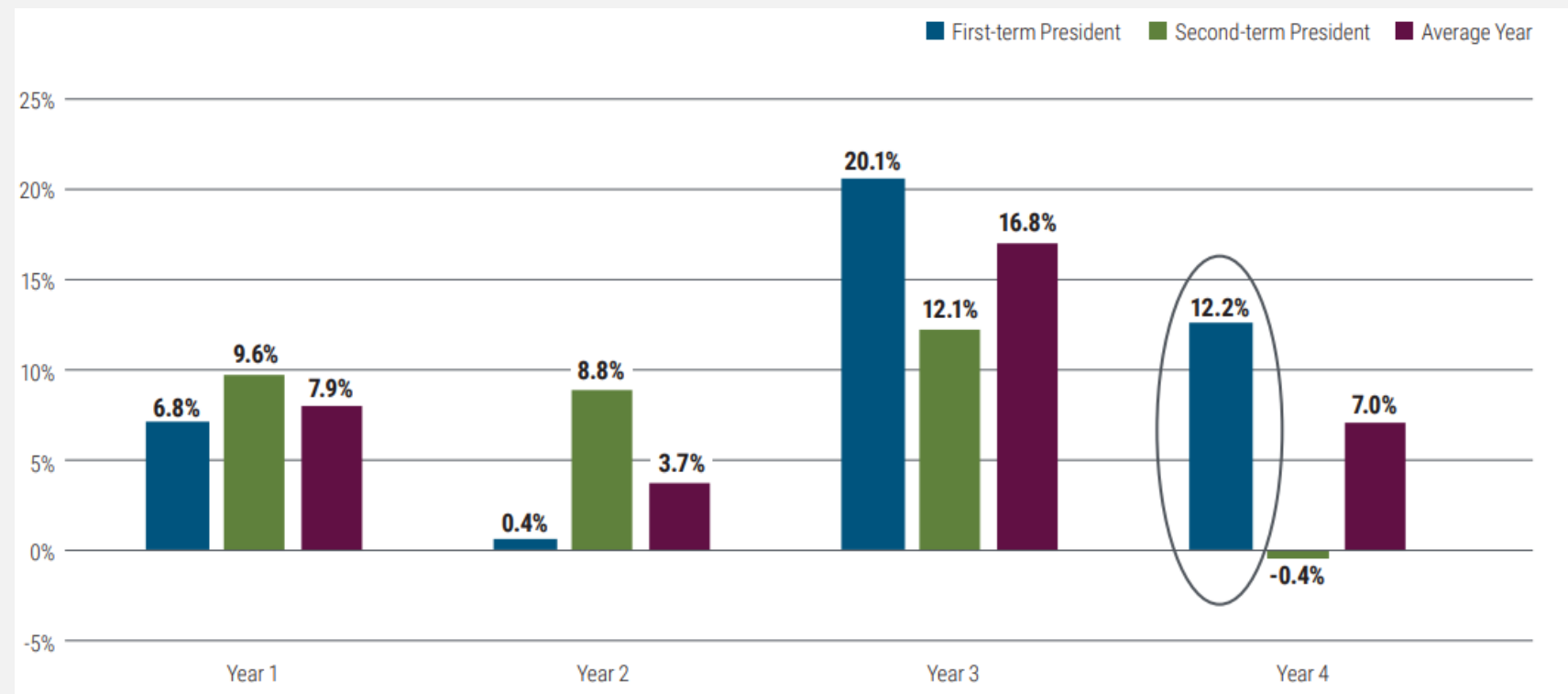
While past performance is not necessarily a predictor of future returns, a look at market performance in past U.S. presidential election years can be nevertheless instructive.

Historical data shows that risk markets, such as the stock market, have typically shaken off election year concerns, especially during the election of an incumbent president (circled) – as is the case this year.

After all, there is arguably less uncertainty about policy changes when an incumbent president is seeking reelection vs. an open presidential election when two new candidates are running.

Source: PIMCO, LPL Research, FactSet.
Data as of December 5, 2023.

S&P 500 Index Returns based on 4-year presidential cycle (1955 – 2023)



Source: PIMCO. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Small-caps have historically outperformed large-caps in presidential election years

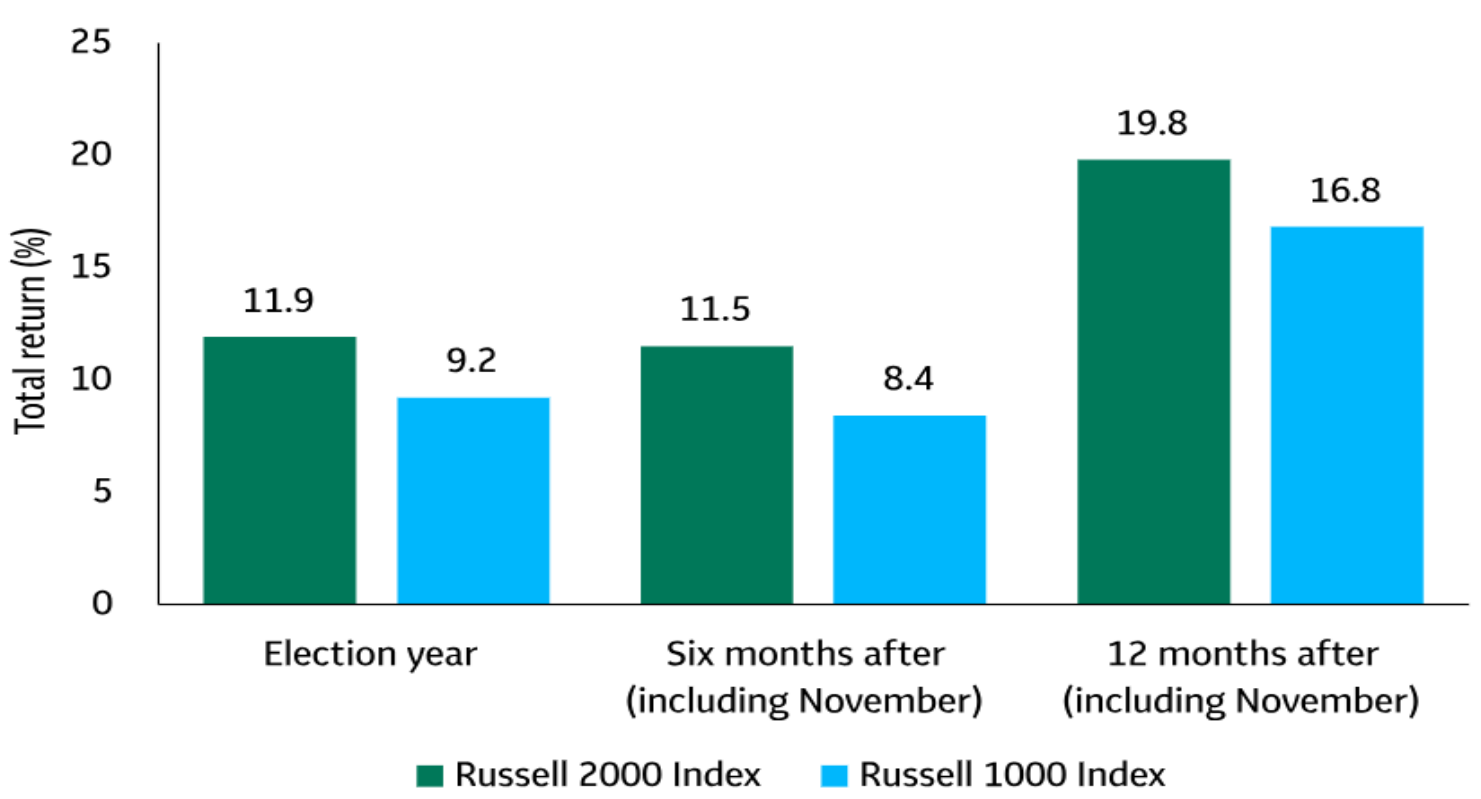


Since 1980, U.S. small-caps have outperformed U.S. large-caps in 7 of 11 presidential election years. Furthermore, small-caps have outpaced large-caps in the 6 and 12 months following the election.

These small companies typically generate a greater percentage of their revenue in the U.S., providing the opportunity to benefit more from policy changes or economic growth relative to large companies.

This may provide a compelling opportunity for investors seeking to rebalance their portfolios by allocating to small-caps.

Source: Macquarie, Morningstar.



Source: Macquarie. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

These problems aren't new



It may feel like we're living in uncertain times. Americans noted economic concerns like high inflation and the state of the U.S. economy as the most important problems, but also existential concerns such as government dysfunction and the sustainability of the nation's democracy. Interestingly, these were many of the same problems that confounded the nation's founding fathers!

What do you think is the most important problem facing the country today?

Select answers to a Gallup Poll question

Economic

- Economy in general
- High cost of living/inflation
- Federal budget deficit/debt

Non-economic

- Government/poor leadership
- Unifying the country
- Democracy

These aren't new problems

“The (US central bank) is one of the most-deadly hostilities existing, against the principles ... of our constitution.”
– Thomas Jefferson

“Public debt is a public curse.”
– James Madison

“(Inflation is) a gradual tax upon them.”
– Ben Franklin

“The distemper in our nation is ... certainly incurable.”
– George Washington

“Democracy never lasts long. It soon wastes, exhausts and murders itself.”
– John Adams

Economy

Important days to watch in October



Tuesday, October 1

- S&P Global Manufacturing PMI (Sept.)
- Manufacturing PMI (Sept.)
- ISM Manufacturing PMI (Sept.)
- ISM Manufacturing Prices (Sept.)
- JOLTs Job Openings (Aug.)

Wednesday, October 2

- ADP Nonfarm Employment Change (Sept.)

Thursday, October 3

- Services PMI (Sept.)
- ISM Non-Manufacturing Employment (Sept.)
- ISM Non-Manufacturing PMI (Sept.)
- ISM Non-Manufacturing Prices (Sept.)

Friday, October 4

- Unemployment Rate (Sept.)
- Nonfarm Payrolls (Sept.)
- Average Hourly Earnings (Sept.)

Thursday, October 10

- Consumer Price Index (CPI) (Sept.)

Friday, October 11

- Producer Price Index (PPI) (Sept.)

Thursday, October 17

- Retail Sales (Sept.)

Friday, October 25

- Durable Goods Orders (Sept.)

Tuesday, October 29

- JOLTs Job Openings (Sept.)

Wednesday, October 30

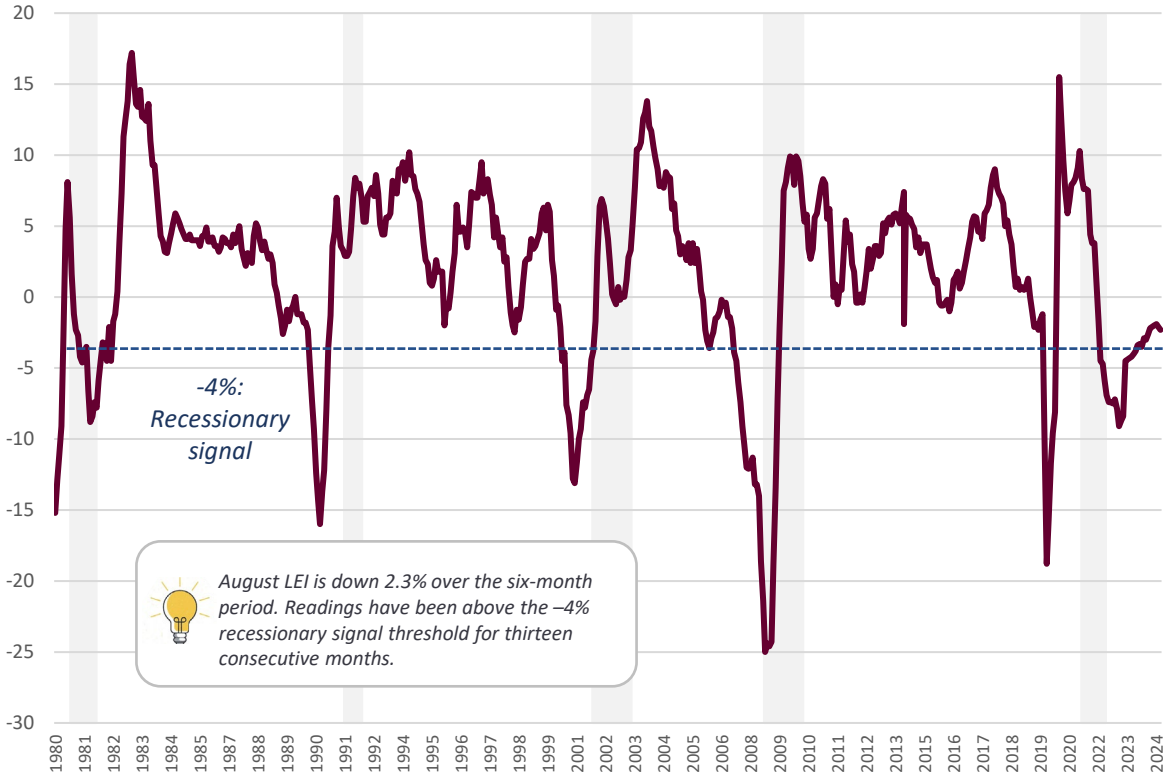
- GDP (Q3— Advance Estimate)

Thursday, October 31

- Personal Consumption Expenditures Index (PCE) (Sept.)
- Personal Income (Sept.)
- Personal Spending (Sept.)

U.S. LEI turns positive amid ongoing resiliency

U.S. leading economic index, 6-months % change



LEI constituents (Ranked by Weightings in the Index)

Weekly manufacturing hours worked	▲
ISM index of new orders	▼
Consumer expectations	▼
Yield spread	▼
Leading credit index	▲
New orders of consumer goods and materials	▲
New orders of nondefense capital goods	▼
Stock prices	▲
Building permits	▼
Weekly initial claims, unemployment	▼

What is this chart showing?

This chart shows the six-month percentage change in the Leading Economic Index (LEI), published by the Conference Board. LEI aggregates 10 individual leading indicators into one index, attempting to cut through the volatility of individual economic indicators.

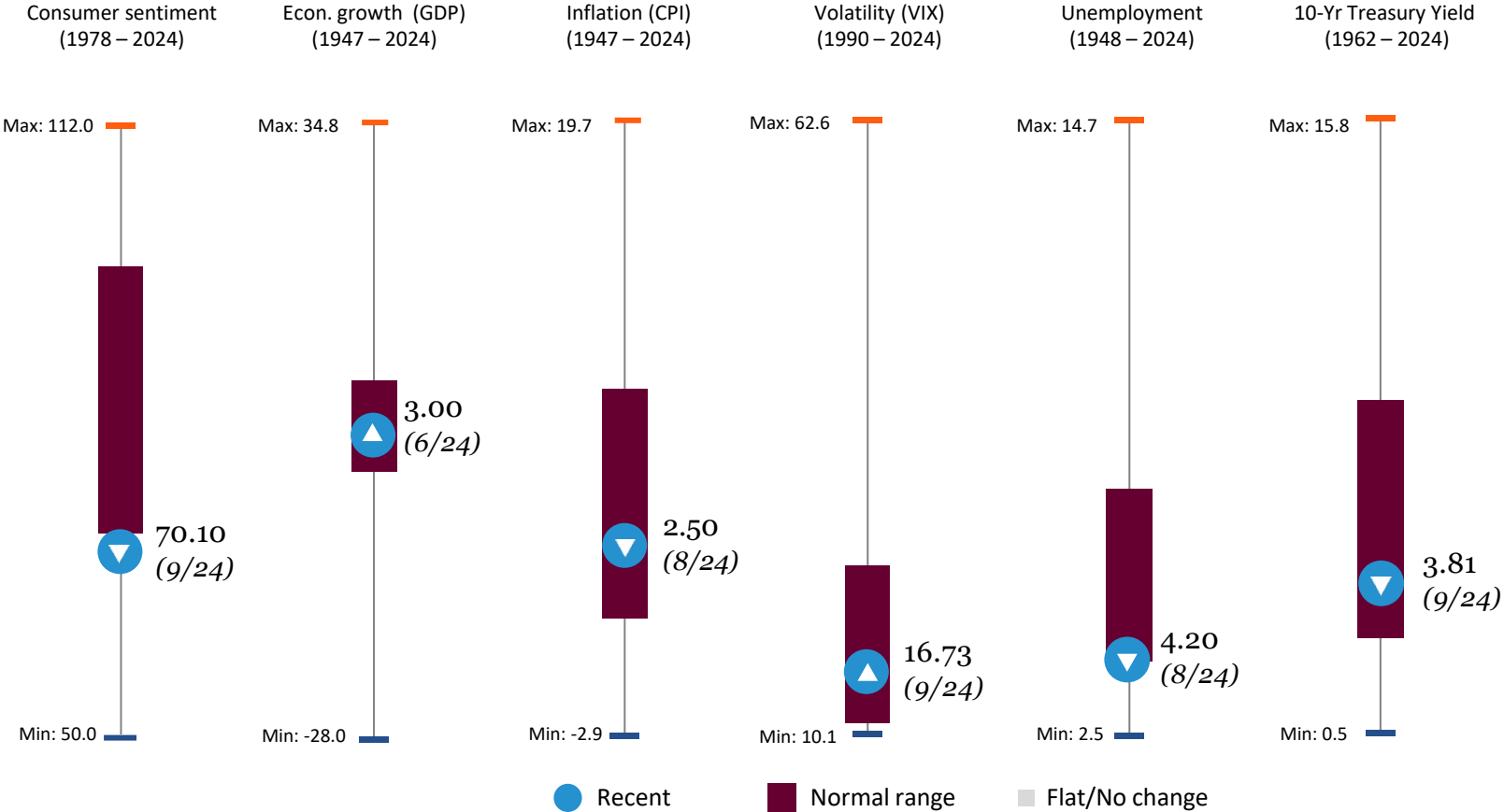
Why is it important?

The LEI Index can be a helpful data point to look to for forecasting turning points in the economy. Historically, when the index has fallen more than four percent over a span of six months, a recession has followed not long after.

While financial markets and the economy are not the same, they do move similarly. However, the stock market tends to lead the economy, as investors often anticipate turning points in the economy – both to the upside and downside.

Source: The Conference Board. Leading Economic Index weightings reported 6 months ending August 2024.

Key economic and market metrics



What is this chart showing?

This chart shows the historical range and recent level of six key economic and market indicators.

Why is it important?

Investors can use this chart to quickly determine if economic indicators are at, above, or below historical ranges. Indicators that are outside of their normal range may provide insight into the health or direction of the economy and the market.

Consumer Sentiment as measured by the Michigan Consumer Sentiment Index is calculated each month on the basis of a household survey of consumers’ opinions on current conditions and future expectations of the economy.

Economic Growth (GDP — nominal) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

Inflation (CPI) is a measure of inflation that calculates the change in the prices of a basket of goods and services. This measure includes food and energy. Core CPI (excludes food and energy) was +3.2% YOY August 2024.

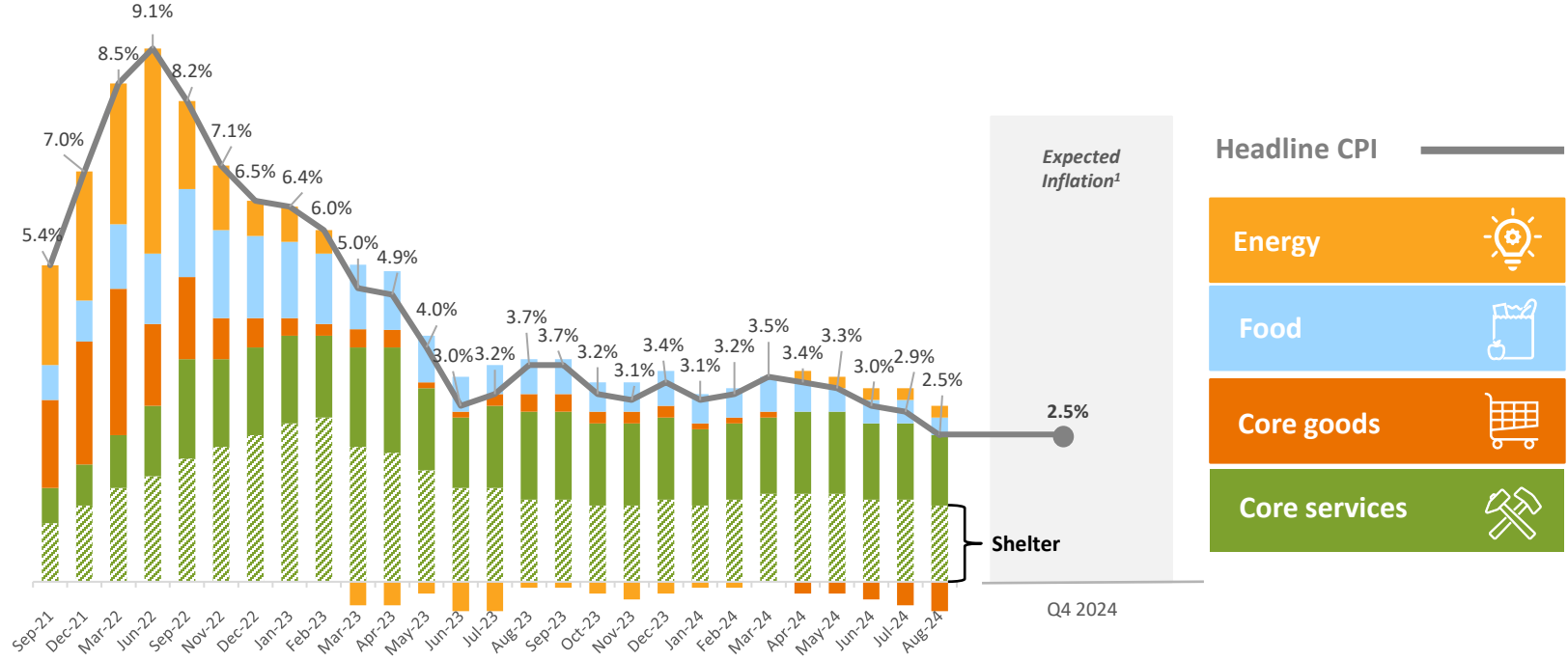
Volatility VIX is a real-time market index representing the market’s expectations for volatility over the coming 30 days.

Unemployment rate as measured by the U.S. Bureau of Labor Statistics.

Source: Most recent data available as September 30, 2024. Bloomberg. Arrows in the blue circles are indicative of most recent three-month trend, with exception of GDP, which is based on quarter-over-quarter trend. Normal range represents +/- one standard deviation to the mean over timeframe referenced. See Additional Information for more details. **Past performance does not guarantee or predict future performance.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Inflation trends and components

Headline CPI and components of CPI inflation (year-over-year), %



What is this chart showing?

This chart shows the recent trend in year-over-year U.S. inflation, along with analyst forecasts for the fourth quarter of 2024.

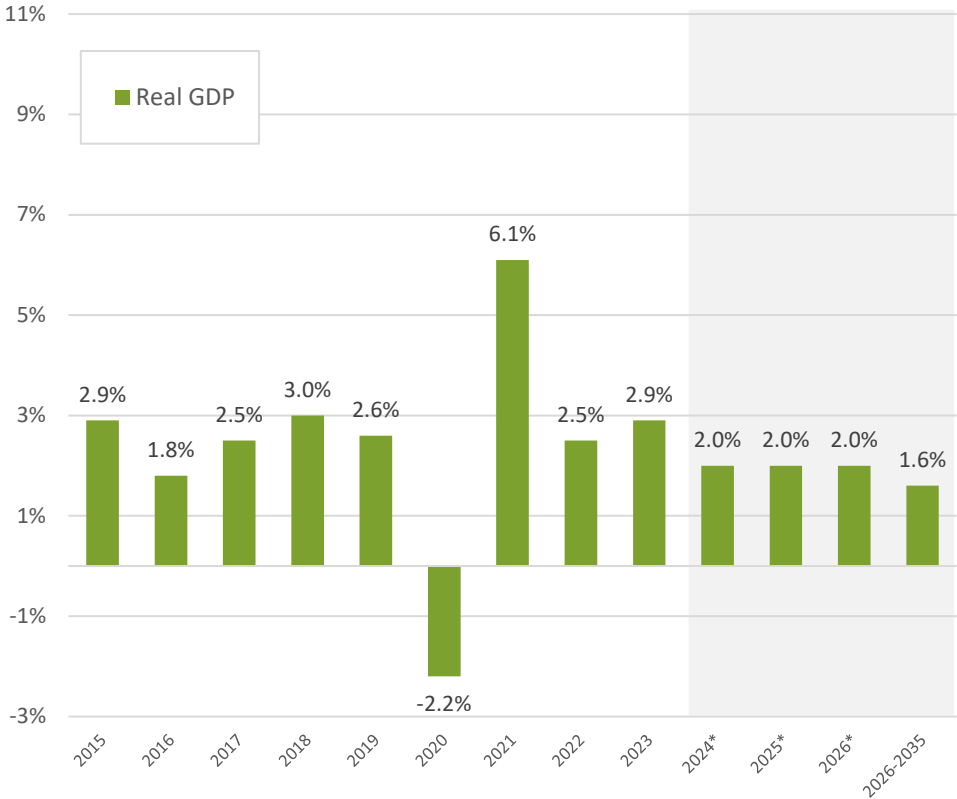
Why is it important?

Inflation continued its orderly decline through the first half of 2023, and after remaining stuck above 3% for quite some time, has recently resumed its downward trend.

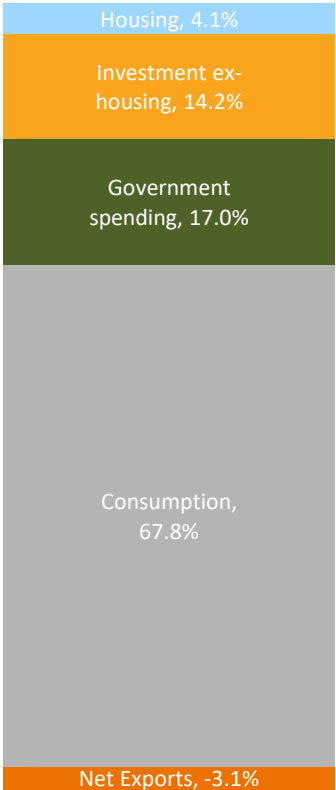
Source: U.S. Bureau of Labor Statistics. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. This measure includes food and energy, which tend to have more price volatility and whose price shocks cannot be damped through monetary policy. Percentages may not sum due to rounding. ¹Inflation expectations for Q4 2024 represent median analyst expectations compiled by Bloomberg as of 9/30/2024.

U.S. gross domestic product

Real gross domestic product, actuals and future projections



Components of GDP as of 2Q24



What is this chart showing?

The chart on the left shows historical real GDP, as well as the most recently reported economic growth projections prepared by the Federal Open Market Committee.

The chart on the right shows the components of GDP as of the latest available data.

Why is it important?

Economic growth influences many factors that can impact the long-term performance of the markets, including interest rates and corporate earnings growth. As such, these GDP projections can be a valuable input for investors looking to set future portfolio return expectations.

Source: Federal Reserve Bank of St. Louis Economic Research, Federal Open Market Committee, The Conference Board. *Indicates future projections as of September 2024. 2026-2035 long-term projections are as of September 2024. Components of GDP depicted as 2Q24 nominal. Values may not sum to 100% due to rounding.

Visualizing the U.S. national debt

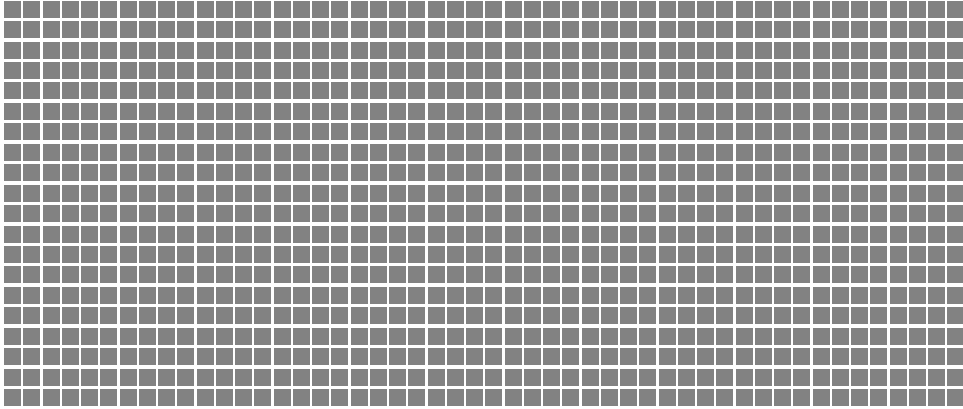
At the end of September 2024, the U.S. national debt was \$35.3 trillion.

That's 35,300 squares!

If this is 1 billion:



Then this is 1 trillion:



What is this chart showing?

This chart helps readers visualize the size of the U.S. national debt.

Why is it important?

1 trillion dollars is hard for the average person to conceptualize given the sheer size of the number.

A relative comparison to 1 billion dollars, which in and of itself is a very large number, puts the 35.3 trillion-dollar debt level into perspective.

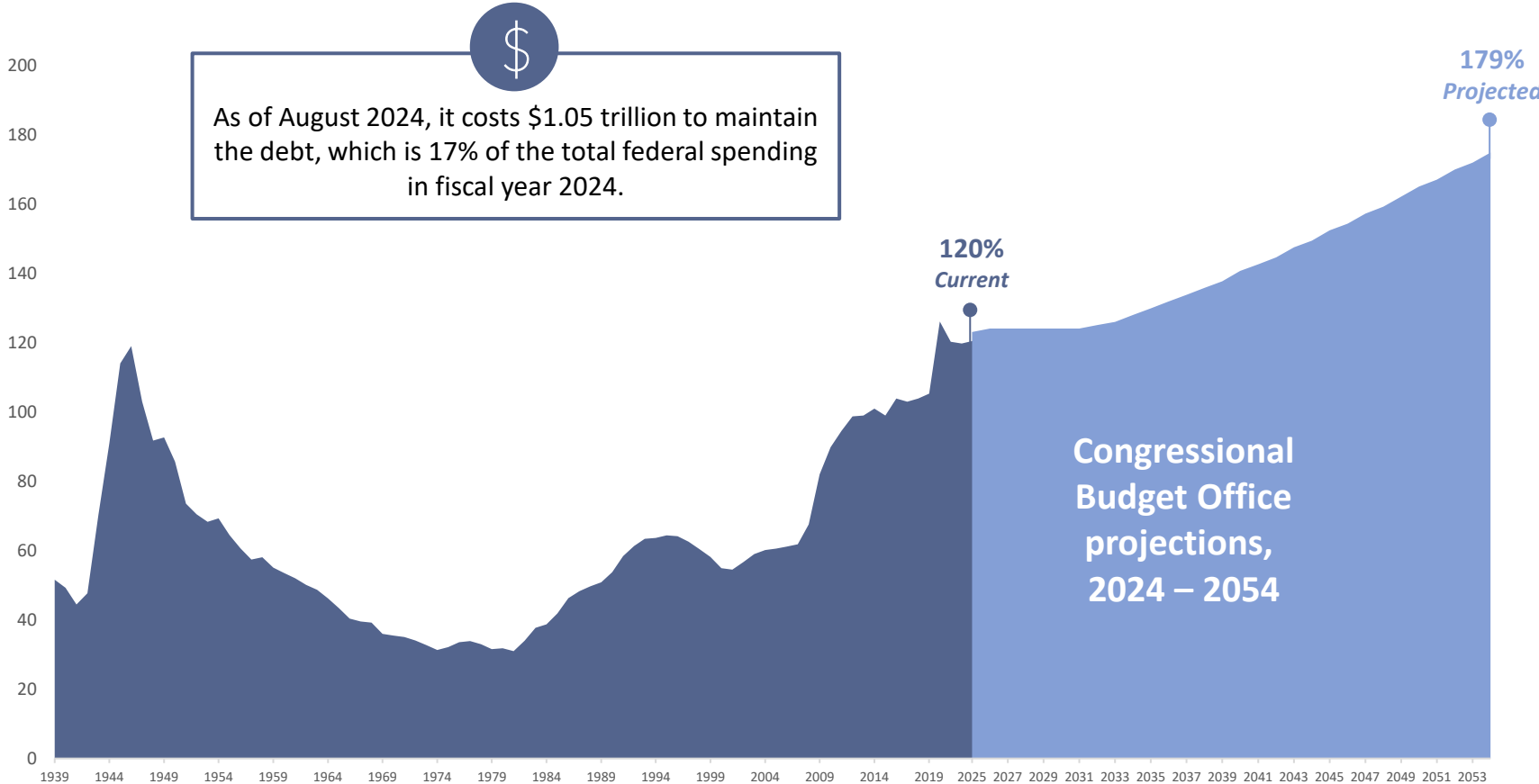
Government debt, when sustainably managed, is not inherently bad. In fact, the U.S. has carried debt since its inception. Debt is an important tool to help fund programs like Social Security, national security, healthcare services, etc., that benefit the American people.

 **The national debt enables the federal government to pay for important programs and services for the American public.**

Source: [Understanding the National Debt | U.S. Treasury Fiscal Data](#) as of 9/30/2024.

U.S. debt levels

U.S. federal debt as a % of GDP



What is this chart showing?

This chart shows historical U.S. national debt levels as a percentage of gross domestic product (GDP), as well as projections by the Congressional Budget Office through 2053.

Why is it important?

The U.S. government has been running a consistent fiscal deficit since the Global Financial Crisis, with spending outpacing revenue.

This has contributed to a rapidly rising pool of national debt, and more recently, increased interest expense as rates have risen.

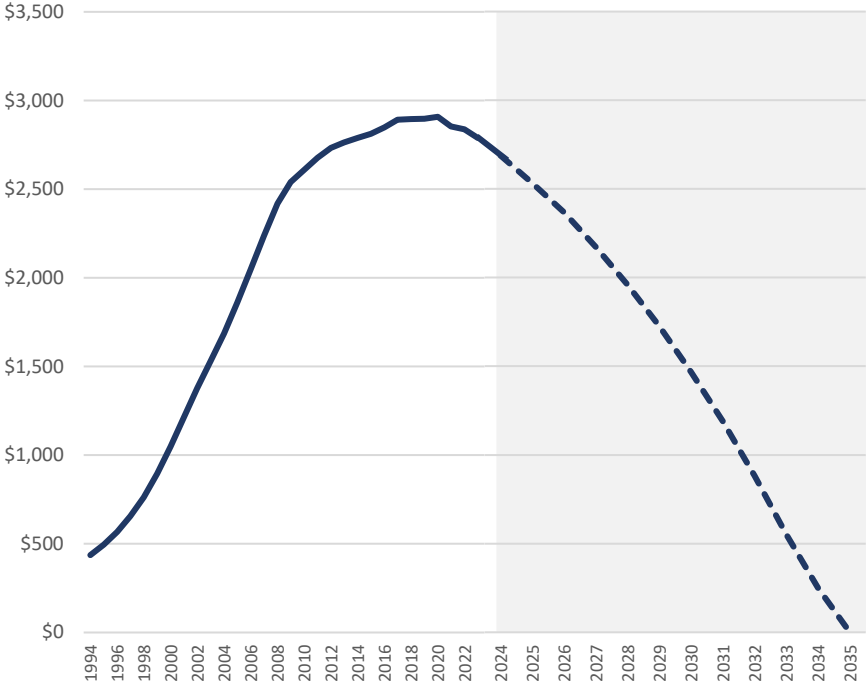
The ratio of a country’s total debt to GDP helps show the burden of its debt relative to total economic output, and therefore its ability to pay it.

It remains to be seen how this issue will be addressed, but it is likely to be an ongoing challenge requiring careful management and bipartisan policy decisions to help ensure long-term fiscal sustainability.

Source: Historical data sourced from Federal Reserve Bank of St. Louis as of Q2 2024. 2024 – 2054 U.S. federal debt projections sourced from Congressional Budget Office (CBO). Federal spending statistic sourced from U.S. Treasury Fiscal Data.

The long-term outlook for Social Security

Social Security Asset Trust Fund, billions (\$)



Common questions about Social Security

- 1 Why is Social Security important?**
 For millions of Americans, Social Security provides an essential source of income in retirement, along with disability benefits.
- 2 How is Social Security financed?**
 Social Security is funded by payroll tax deductions.
- 3 When will trust fund reserves be depleted?**
 Without reform, the Social Security Trust Fund is scheduled to be depleted in 2035.
- 4 What are the differences in life expectancy when Social Security was created vs. now?**
 Life expectancy at birth in the 1930s was about 58 for men and 62 for women, with a retirement age of 65. In recent years, the average life expectancy at birth is approximately 79, with a retirement age of 67.

What is this chart showing?

This chart shows the actual and projected Social Security Asset Trust Fund reserve amounts at year-end from 1994 through 2035, in billions of U.S. dollars.

Why is it important?

The 2024 annual Old-Age, Survivors, and Disability Insurance (OASDI) trustees report by the Social Security Administration (SSA) showed that given current conditions, the asset reserve dedicated to the benefit program could be depleted sooner rather than later.

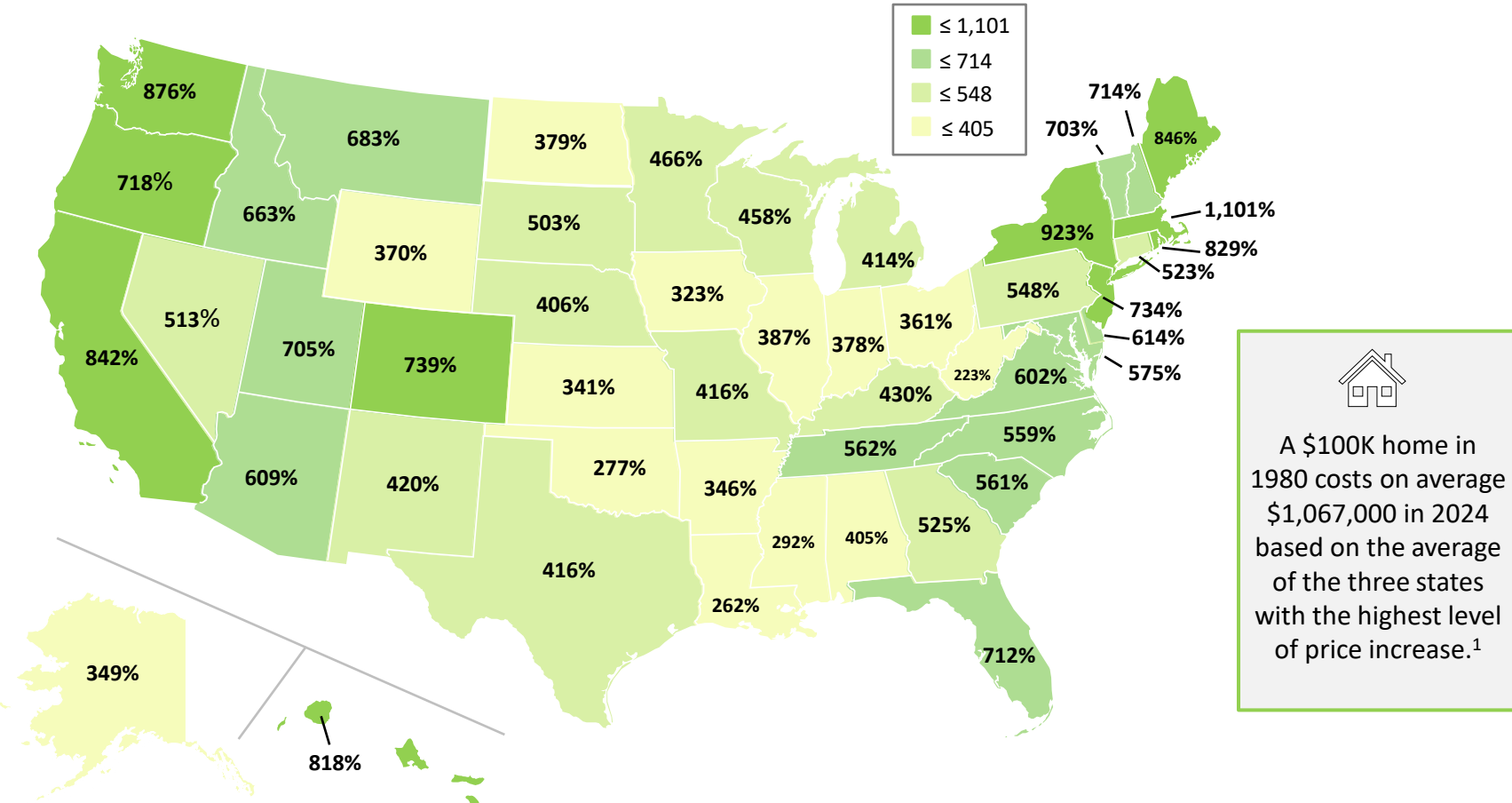
Absent reform, the projected depletion date for the combined OASDI trust funds is 2035, a year earlier than in last year’s report.

Even after this happens, the program will still collect taxes, which means that it will be able to continue to pay benefits to retirees. However, the benefits will likely be smaller than they are now.

Source: Social Security Administration (SSA). Historical data sourced from Social Security Administration Operations of the OASDI Trust Fund Report, Calendar Years 1937 – 2023. 2024 onwards data sourced from Social Security Administration Operations of the OASDI Trust Fund Report, Fiscal Year 2023. Shaded region on chart indicates future projections.

The average increase in U.S. home prices

How does the average price growth differ by state over a 40+ year time frame?



What is this chart showing?

This chart shows the average percentage increase in home prices across the United States from Q1 1980 to Q1 2024.

Why is it important?

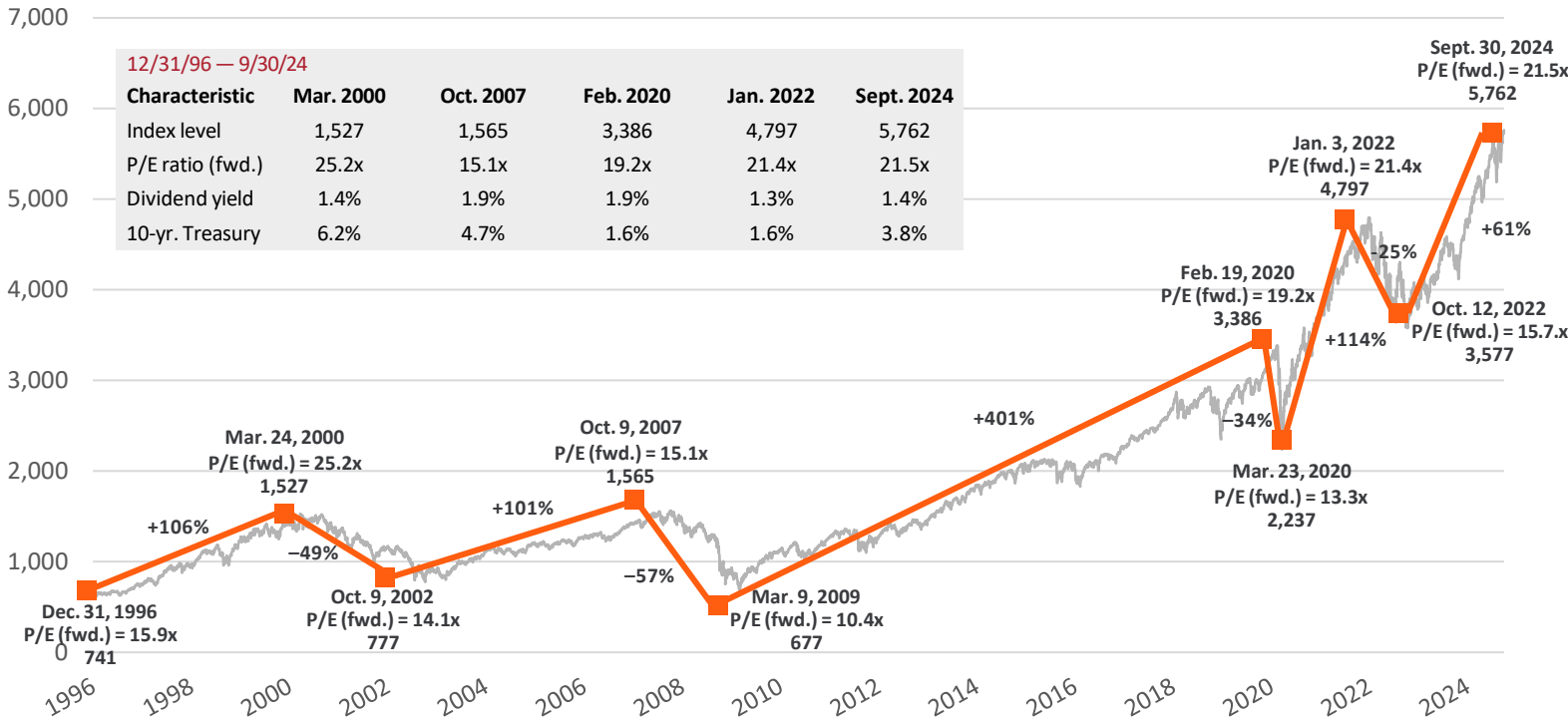
U.S. home prices have soared in recent decades. However, growth has been uneven across states, with coastal areas experiencing the largest price increases.

A \$100K home in 1980 costs on average \$1,067,000 in 2024 based on the average of the three states with the highest level of price increase.¹

Source: Federal Reserve Bank of St. Louis. U.S. Federal Housing Finance Agency, All-Transactions House Price Index. Data from Q1 1980 to Q1 2024. Q1 1980 = 100. ¹Based on the average of the median All-Transactions House Price Index for the 3 states with the top housing inflation: New York, Massachusetts, and Washington (+967%).

Equities

S&P 500: Cumulative returns



What is this chart showing?

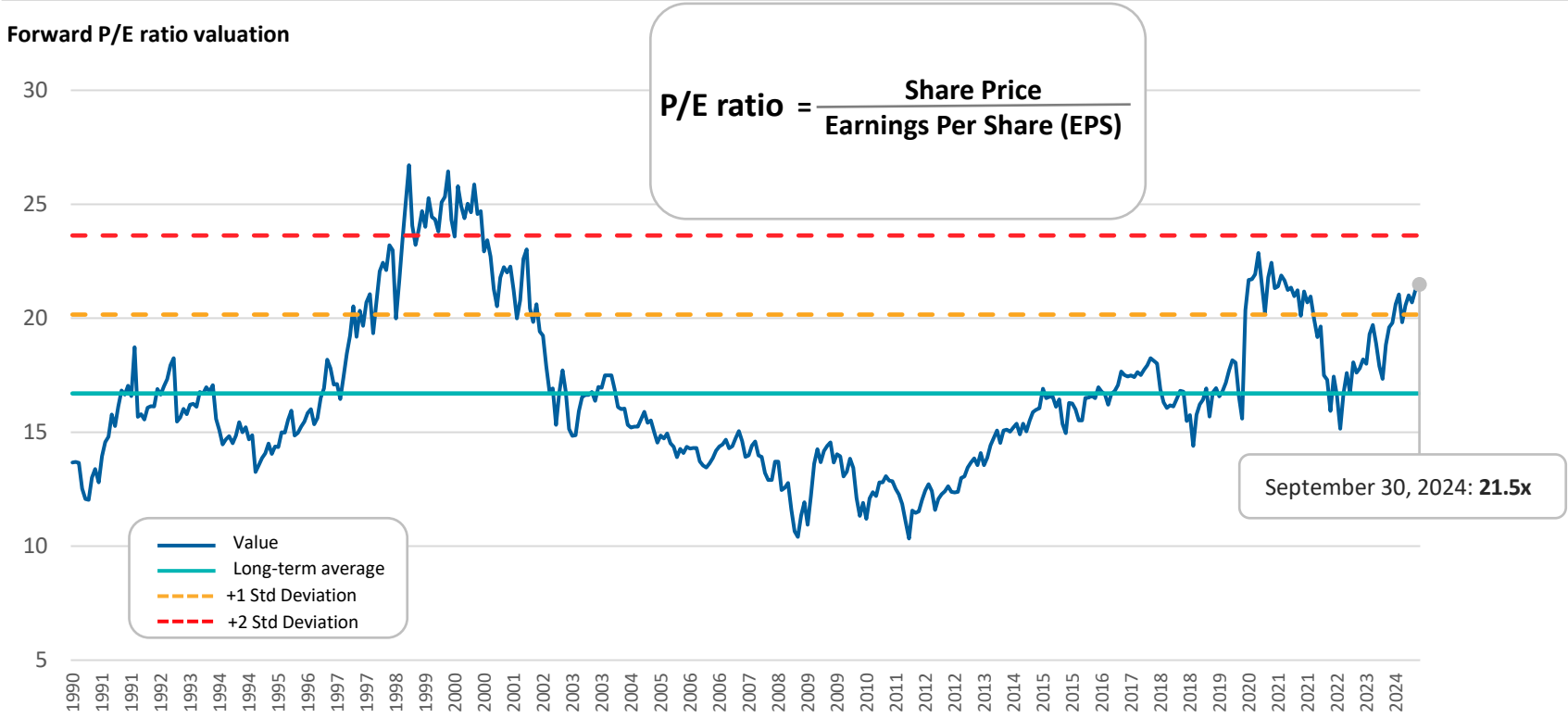
This chart shows the cumulative return of the S&P 500 Index from 1996 to present. It also highlights the return of major expansionary and contraction periods during this time.

Why is this important?

This chart can help put market cycles in context by comparing the magnitude and duration of bull and bear markets, along with the long-term trend of the S&P 500.

Past performance is not indicative of future returns. You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures. Data as of September 30, 2024. **Dividend yield** is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. **Forward price-to-earnings ratio** is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM). The S&P 500® Price Return Index tracks the stock performance of 500 large U.S. companies. The index used is a price index and does not reflect dividends paid on the underlying stocks.

S&P 500: Valuation measures



Valuation measures	Recent	20-year average
Forward P/E	21.5x	15.8x
Shiller's P/E	35.2	26.6
Dividend yield	1.4%	2.0%
Price-to-book	4.5	2.7
Price-to-cash flow	16.5	11.2

What is this chart showing?

This chart shows the historical trend of the S&P 500 forward P/E ratio compared to the modern-era historical average.

Why is it important?

The P/E ratio is a valuation measure for stocks. It shows how much investors are willing to pay for each unit earnings. The forward P/E ratio uses forecasted EPS over the next 12 months.

Equity valuation measures, like the forward P/E, can help investors gauge if the market is overvalued or undervalued relative to historical averages.

Source: FactSet, S&P, Robert Shiller, Bloomberg. Data as of September 30, 2024.

Forward P/E ratio (or forward price-to-earnings ratio) is the most-recent stock price divided by the forward-looking EPS estimate. **Shiller's P/E ratio** is the most recent stock price divided by the average of 10 years of inflation-adjusted earnings. **Dividend yield** is the percentage of its stock price that a company is projected to pay out as dividends. It is calculated by dividing estimated annual dividends per share for the current fiscal year by the company's most recent month-end stock price. **Price-to-book** compares a firm's market capitalization to its book value. It's calculated by dividing the company's stock price per share by its book value per share (BVPS). **Price-to-cash flow** is a valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share. **Standard deviation** is a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.

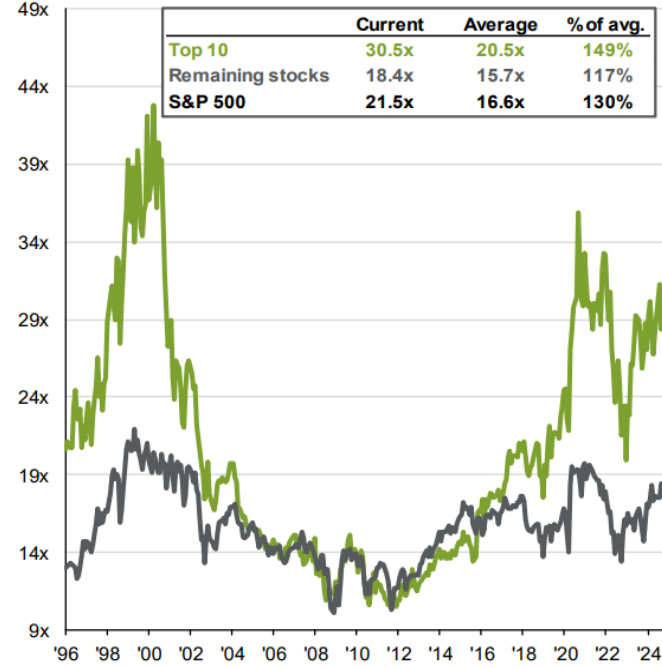
S&P 500: Index concentration, valuations and earnings

J.P.Morgan Asset Management

The left-hand side chart shows how high the P/E valuations are for the top 10 stocks in the S&P 500 relative to the remainder of the index. This gap has widened as large technology companies continue to rally. The right side shows how the market capitalization of the top 10 stocks has increased recently despite the earnings contribution remaining muted.

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each month. As of 9/30/2024, the top 10 companies in the index were AAPL (7.1%), MSFT (6.5%), NVDA (6.1%), AMZN (3.6%), GOOGL/GOOG (3.6%), META (2.5%), BRK.B (1.7%), AVGO (1.7%), TSLA (1.5%) and LLY (1.4%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of September 30, 2024.

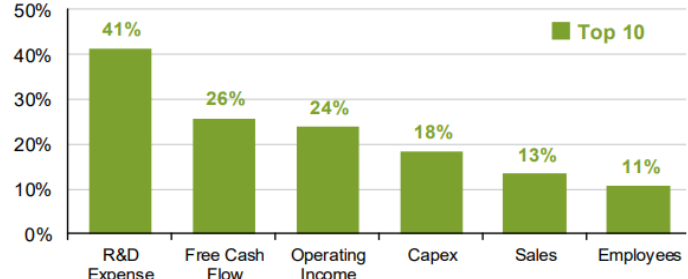
P/E ratio of the top 10 and remaining stocks in the S&P 500
Next 12 months, 1996 - present



Weight of the top 10 stocks in the S&P 500
% of market capitalization of the S&P 500



Economic concentration in the S&P 500
% of S&P 500 metric, 2Q24



Source: J.P. Morgan Asset Management, as of September 30, 2024.

S&P 500: Calendar returns and intra-year declines

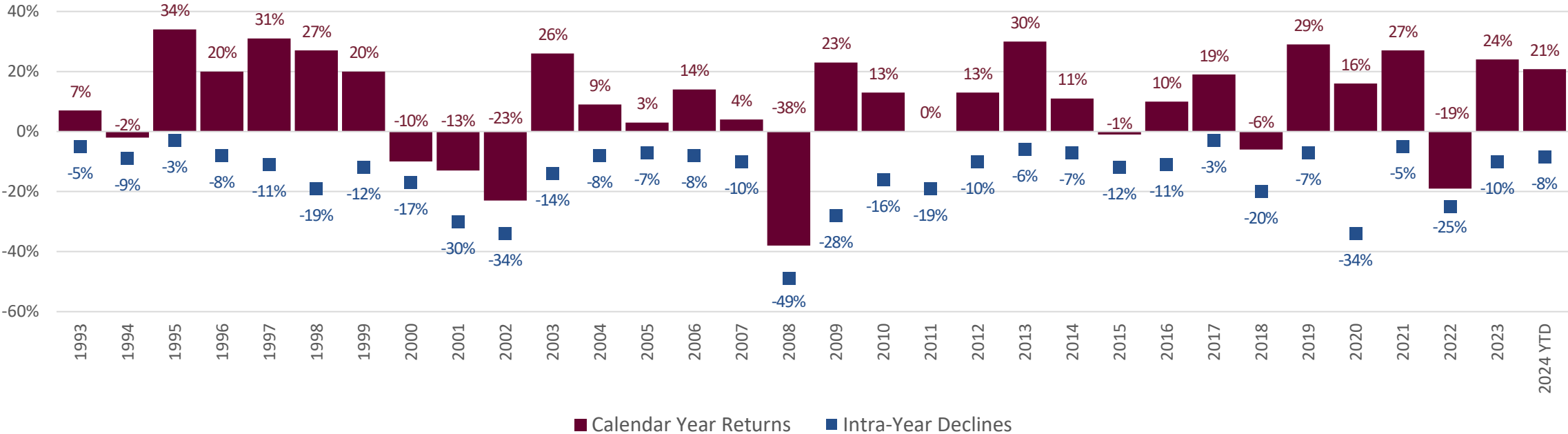
What is this chart showing?

This chart shows calendar year returns of the S&P 500 Price Index from 1992 to present. It also shows the largest intra-year declines (lows) for each year.

Why is it important?

Investors can use this to understand how looking at annual returns alone can hide that there are often large drops that occur within the year.

Despite average intra-year declines of 14.8%, annual returns were positive in 22 of 31 years.



You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures.

Source: Morningstar, Standard & Poor's. Data as of September 30, 2024. Returns are based on price index only and do not include dividends. Intra-year declines refer to the largest market drops from a peak to a trough during the year. For illustrative purposes only. **Past performance is not indicative of future returns.**

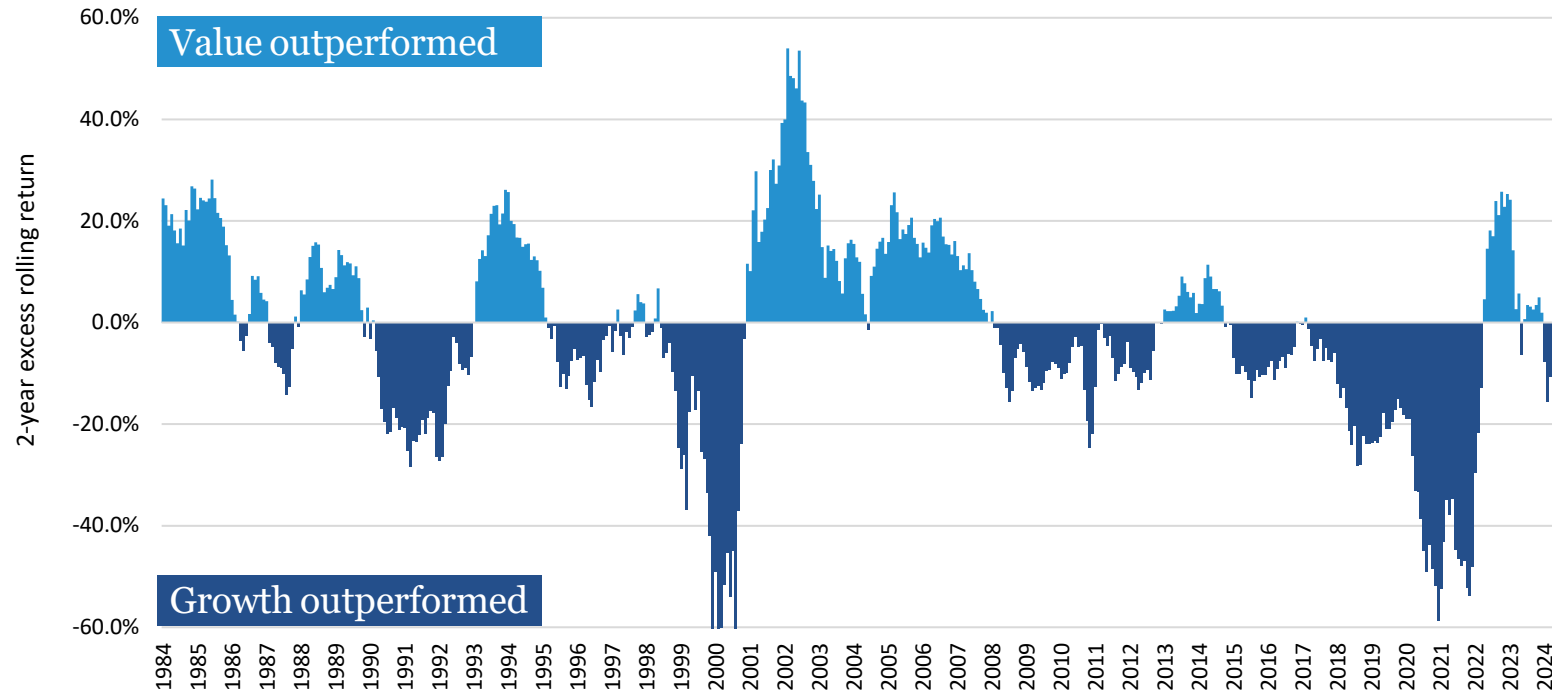
Growth vs. Value leadership rotation

What is this chart showing?

Growth and Value styles have rotated leadership during different market and economic environments.

Why is it important?

Historically, Value has led early in the economic recovery and when rates are rising, where Growth has led when interest rates are falling, and earnings are strong.



Value sectors

Industrials	Real Estate
Financials	Utilities
Energy	Consumer Staples
Manufacturing	

Growth sectors

Communication Services
Technology
Healthcare
Consumer Discretionary

Source: Morningstar. Value represented by Russell 1000 Value Index, Growth represented by Russell 1000 Growth Index. Both indices are total return. Data through September 30, 2024. **Past performance is not indicative of future returns.**

International valuations and dividend yields

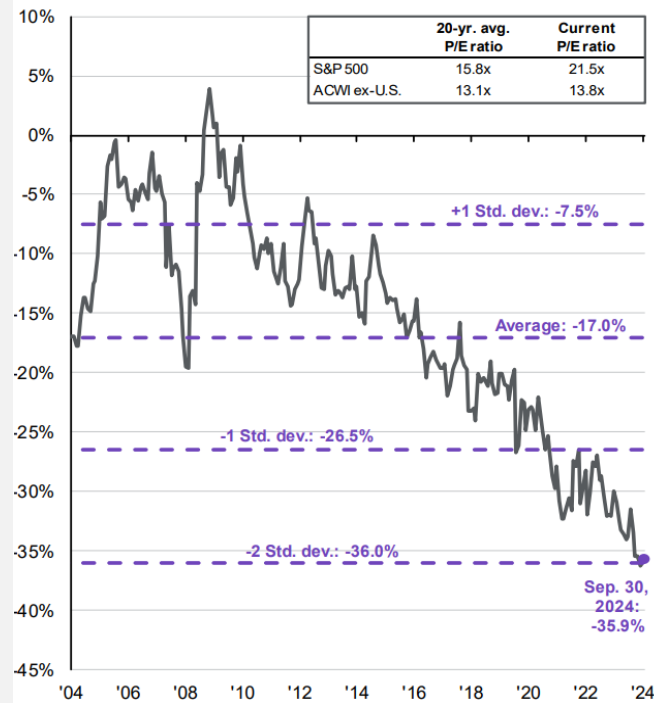
J.P.Morgan Asset Management

This chart shows valuation measures for international equity markets. The left-hand side shows the price-to-earnings discount of international vs. U.S. equities. On the right-hand side, we show the difference in dividend yields between international and U.S. stocks.

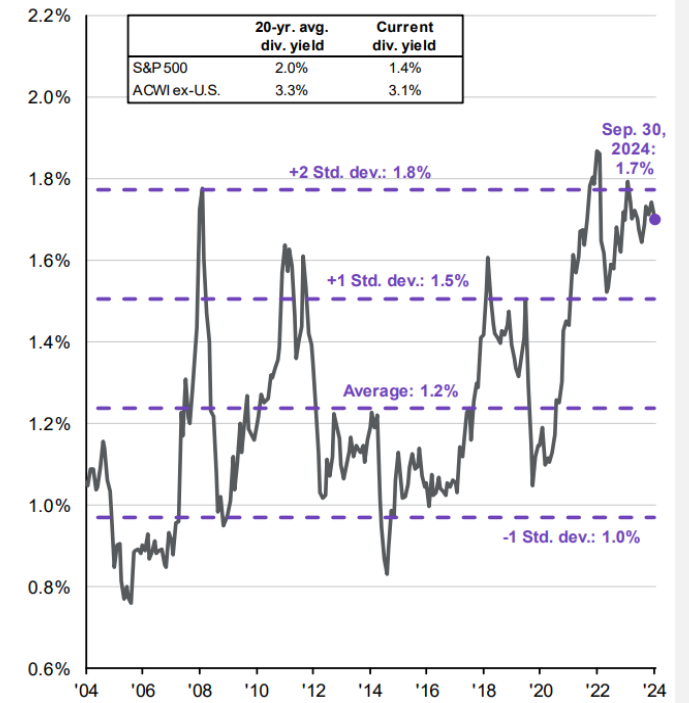
Investors can see that international equities are trading at a significant discount today, and that they generally offer an attractive yield relative to U.S. equities.

Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of September 30, 2024.

International: Price-to-earnings discount vs. U.S.
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



International: Difference in dividend yields vs. U.S.
MSCI All Country World ex-U.S. minus S&P 500, next 12 months



Past performance does not guarantee or predict future performance. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Source: J.P. Morgan Asset Management, as of September 30, 2024.

Consumer confidence and subsequent S&P returns

J.P.Morgan Asset Management

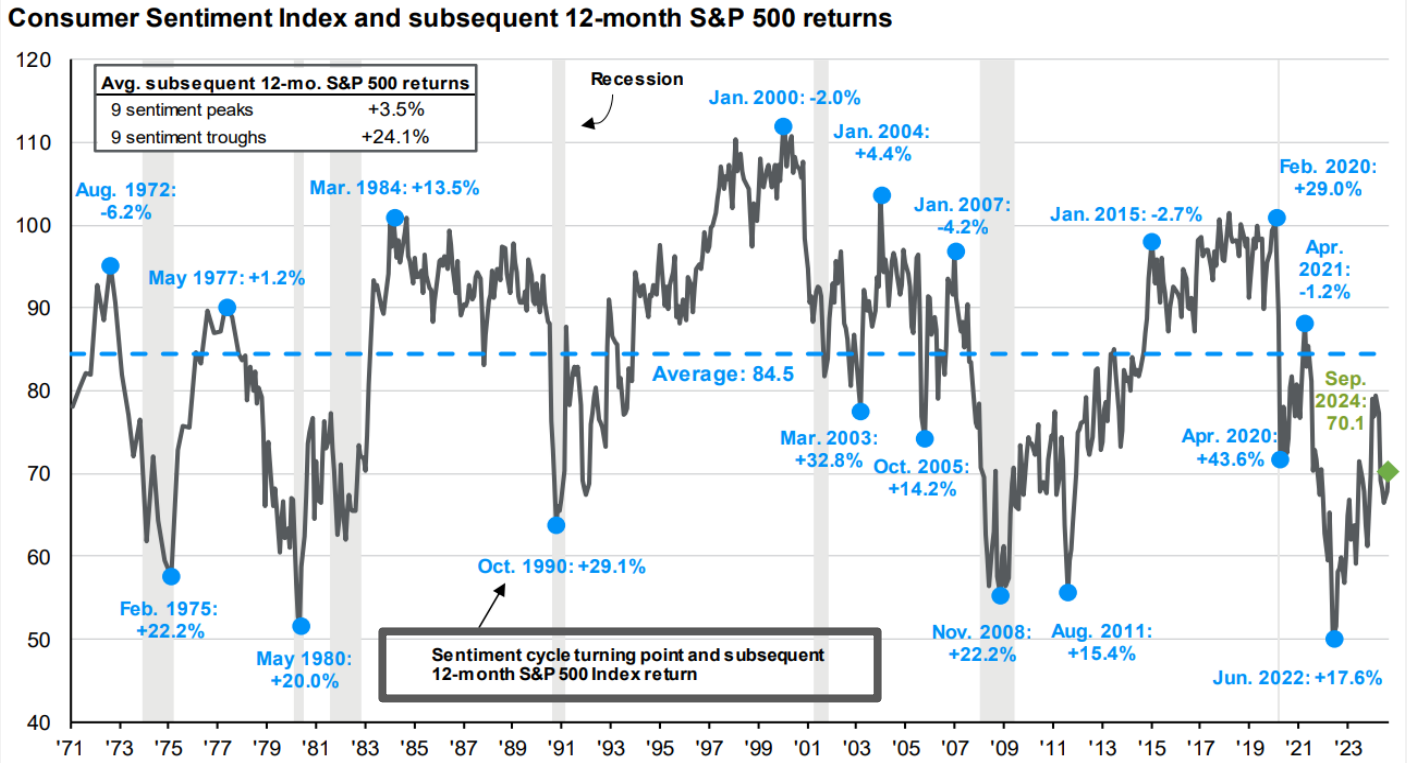
This chart shows consumer sentiment over the past 50 years and how much the S&P 500 gained or lost on average 12 months after nine distinct peaks and troughs. Buying at a confidence peak returned on average 3.5%, while buying at a trough returned 24.1%.

This underscores that when investors feel gloomy and worried about the outlook, history shows they should consider resisting the temptation to sell risk assets.

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, 2024.



Past performance does not guarantee or predict future performance. Index performance is for illustrative purposes only. You cannot invest directly in the index.

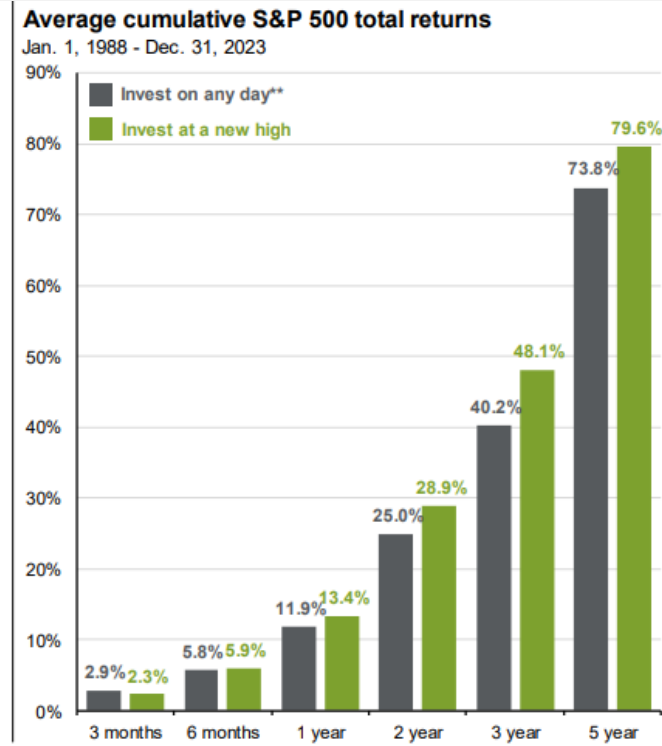
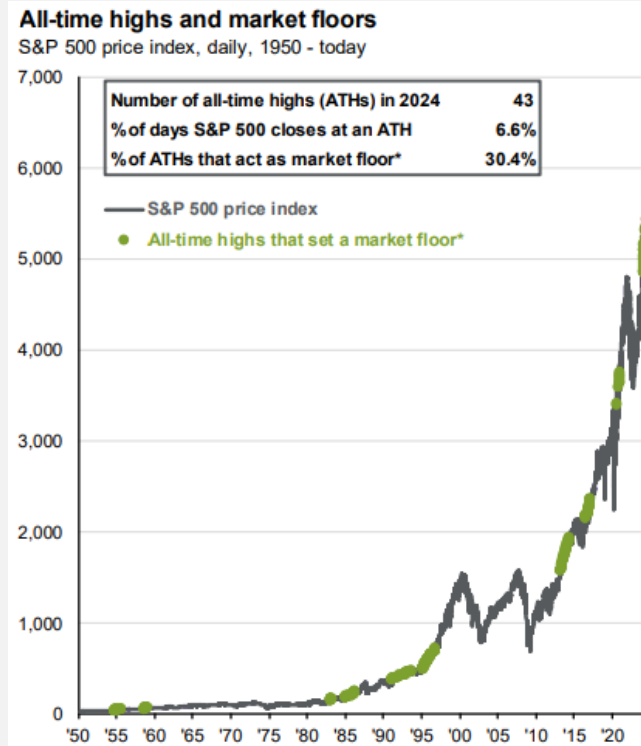
Source: J.P. Morgan Asset Management, as of September 30, 2024.

S&P 500: Investing at all-time highs

J.P.Morgan Asset Management

Market highs can lead to worry for investors wary of potential corrections. However, historical data suggest that all-time highs are more common and less daunting than perceived. The chart on the left shows the S&P 500 index and marks each all-time high that set a “market floor,” or an all-time high from which the market has never fallen more than 5%.

Since 1950, there were many instances in which an investor sitting on the sidelines with markets near all-time highs would have never seen a better entry point. The chart on the right shows that returns from investing on any given day versus an all-time high are comparable and, in some cases, even better when investing at market highs.

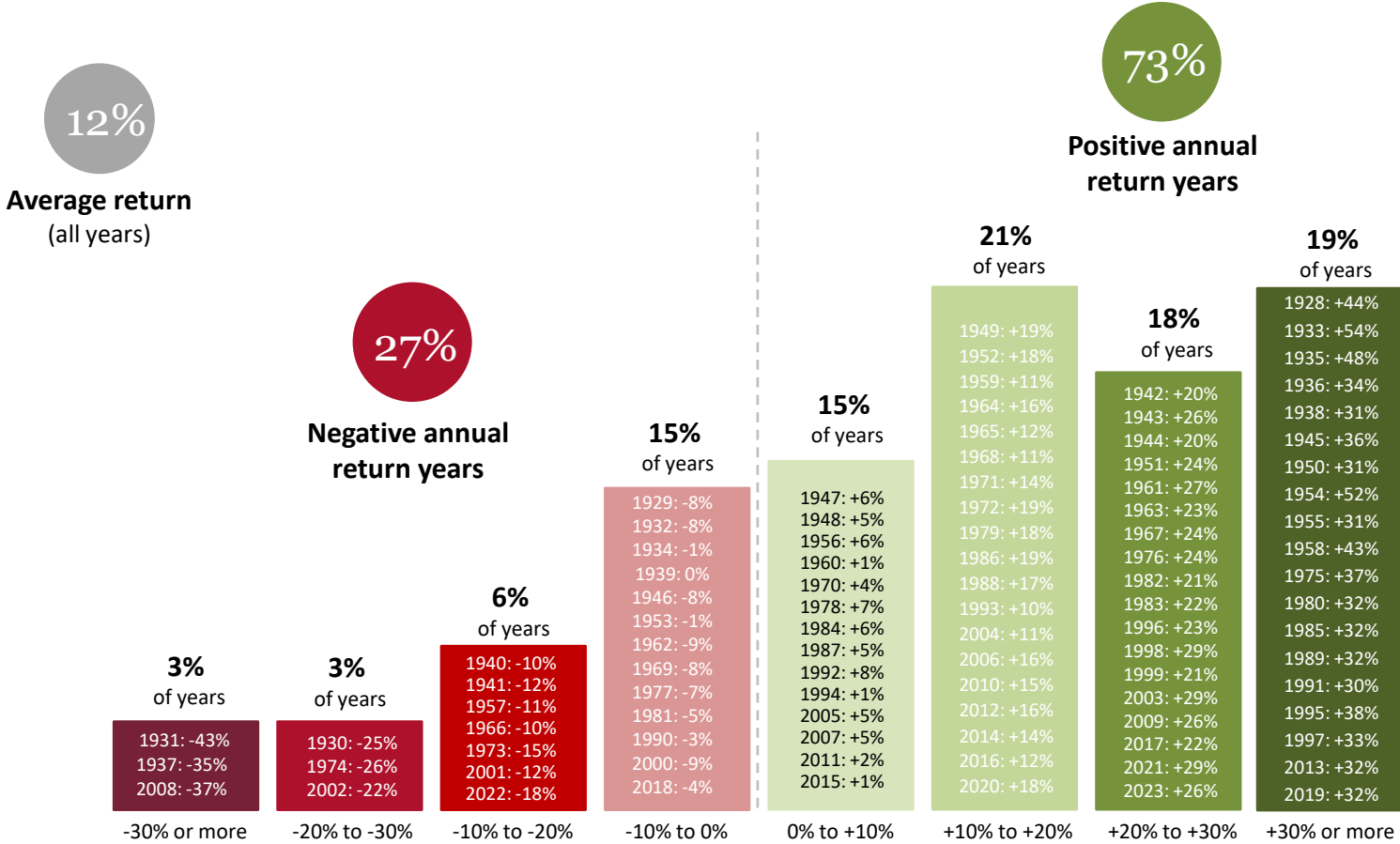


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. (Left) *Market floor is defined as an all-time high from which the market never fell more than 5%. (Right) **"Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3 months, 6 months, 1-year, 2-year and 3-year intervals, with data starting 1/1/1988 through 12/31/2023.

Past performance does not guarantee or predict future performance. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Source: J.P. Morgan Asset Management, as of September 30, 2024.

Stocks rise far more often than they fall



What is this chart showing?

This chart shows the distribution of calendar year returns for the S&P 500 Index from 1928 through 2023.

Why is it important?

While the market has certainly suffered down years, they've been far outweighed by good – and even great – ones.

From 1928 to 2023, the average calendar year return for the S&P 500 Index was 12%.

Over that timeframe, 73% of yearly returns were positive while only 27% experienced a negative return.

Not only has the market risen far more often than it has fallen, many of the worst years for stocks were followed by strong rallies – rewarding investors who chose to stay the course.

Past performance is not indicative of future returns. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Source: DFA Matrix Book for S&P 500 returns (including dividends) from 1928 – 1936. Morningstar for returns from 1937 – 2023.

Equity performance around U.S. recessions

S&P 500 Index Price Return

Recession start date	Duration (months)	Return during recession	Return 1 yr. after recession	Return 3 yrs. after recession	Return 5 yrs. after recession
July 1953	10	18%	30%	62%	101%
August 1957	8	-4%	33%	50%	61%
April 1960	10	17%	10%	23%	44%
December 1969	11	-5%	8%	10%	5%
November 1973	16	-13%	23%	7%	22%
January 1980	6	7%	8%	34%	57%
July 1981	16	6%	20%	46%	66%
July 1990	8	5%	8%	19%	72%
March 2001	8	-2%	-18%	3%	23%
December 2007	18	-38%	12%	48%	113%
February 2020	2	-1%	44%	43%	N/A
Average return		-1%	+16%	+31%	+56%
Number of positive periods (%)		45%	91%	100%	100%

Did you know?

+16%
Average S&P return one year after recession

+31%
Average S&P return three years after recession

+56%
Average S&P return five years after recession

What is this chart showing?

This chart shows performance of the S&P 500 Index in the periods during and after past U.S. recessions.

Why is it important?

Although recessions can be a time of uncertainty, investors likely shouldn't let the prospect of a bumpy landing for the economy keep them from staying invested.

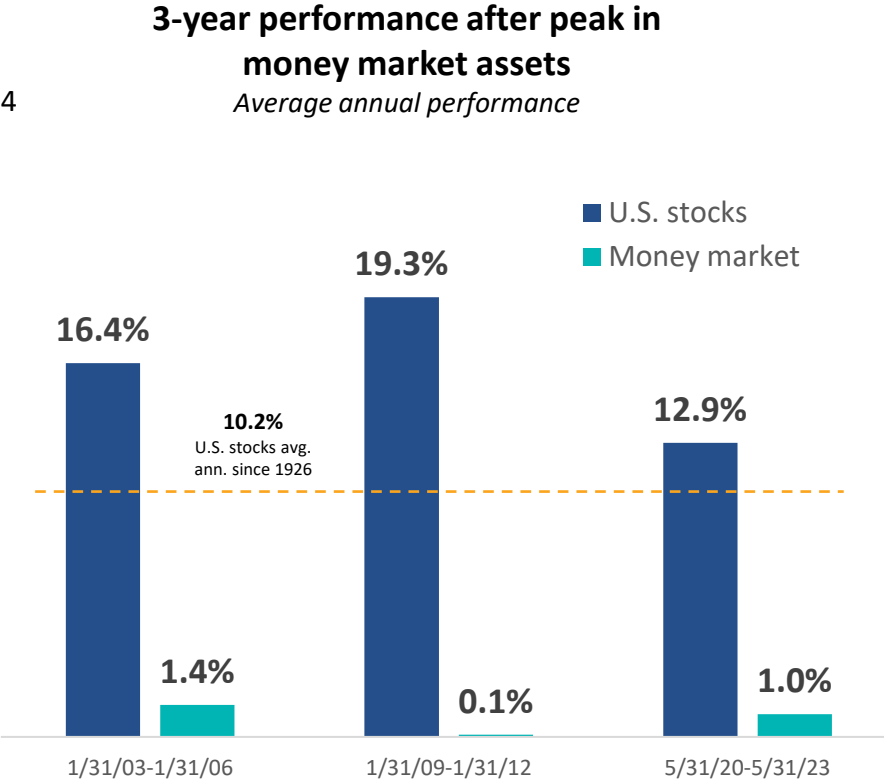
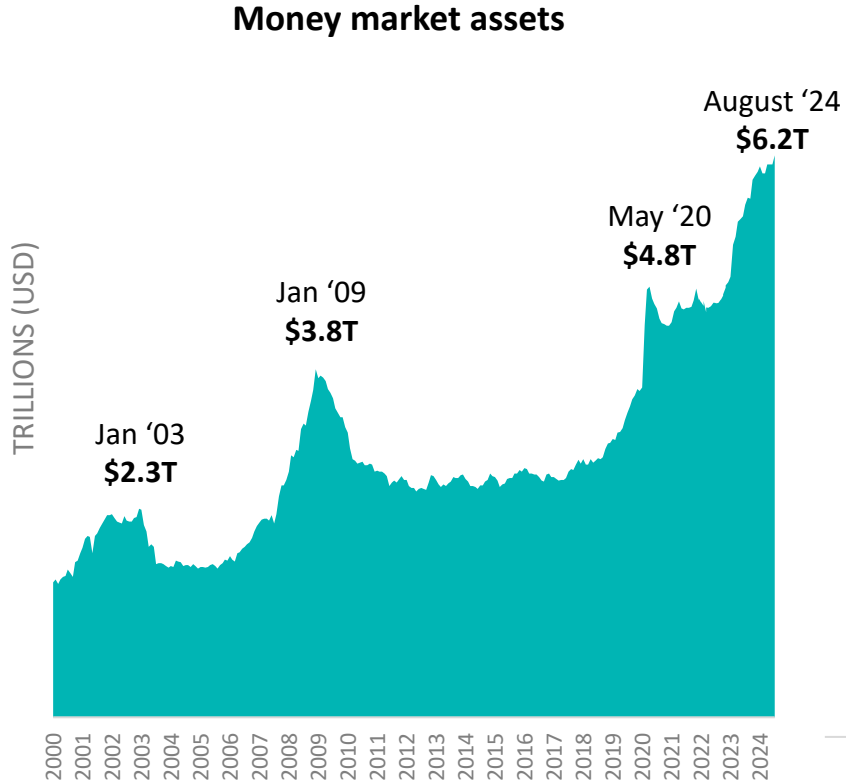
History shows that returns during recessionary periods have been relatively mixed, lending itself to the adage that the stock market is not the economy.

Returns following recessions have been strong, with cumulative gains one, three and five years later of 16%, 31%, and 56%.

Additionally, the S&P 500 was negative only one time 12 months following the end of a recession and generated a positive return 100% of the time both three and five years later.

Source: Morningstar, NBER. Cumulative price return of the S&P 500 Index. Past performance does not guarantee future results. Recession duration is measured from the first day of the month following the peak month, to the end of the trough month.

Returns following money market asset peaks



What is this chart showing?

This chart shows the rise in money market assets over time, and how money markets and U.S. stocks performed over the three-year period following peak money market assets.

Why is it important?

While it can be beneficial for investors to hold cash for preservation or liquidity purposes, holding too much can lead to suboptimal results.

Money market fund assets continue to touch new all-time highs.

Historically, this has been a bullish sign for stocks as they have performed better than average following periods of peak money market assets.

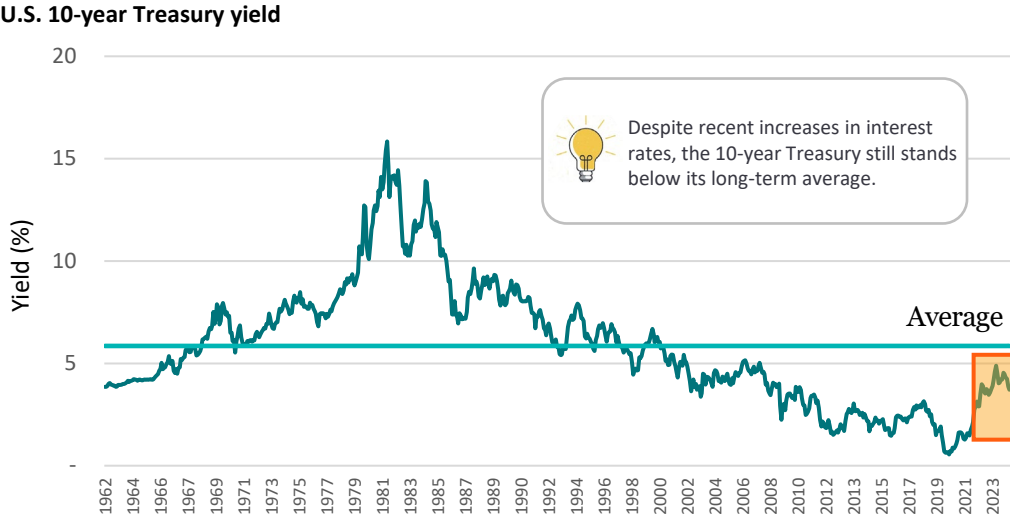
Source: Chart (left): Morningstar. Data most recently available as of 9/30/24. Chart (right): Morningstar, BlackRock Student of the Markets, Lincoln Financial Group. Returns calculated from end of peak month listed. US Stocks = S&P 500 TR; Money Market = Morningstar taxable money market category average returns. Past performance does not guarantee or predict future performance.

Fixed income

U.S. Treasury yield

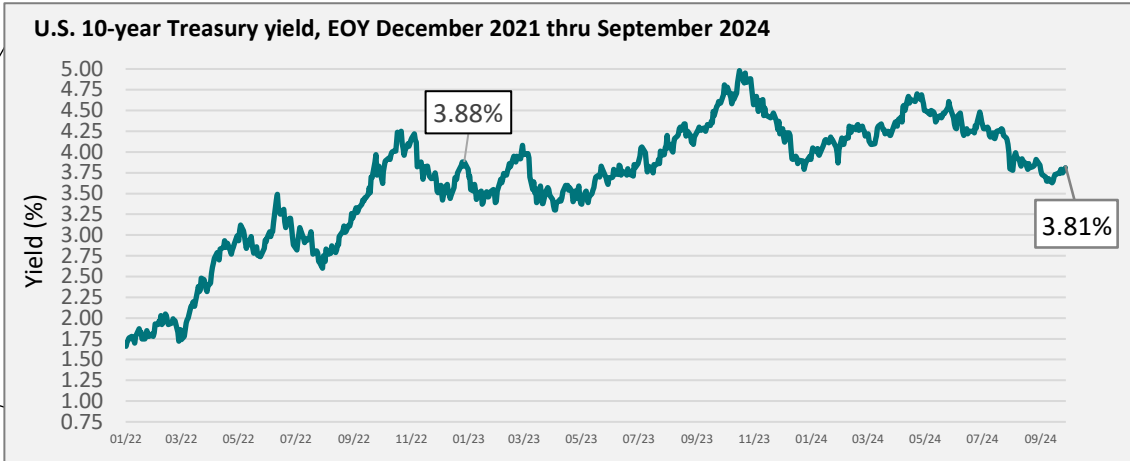
What is this chart showing?

This chart shows the historical yield for the 10-year Treasury, along with an expanded view of more recent yield movements and bond asset class returns.



Why is it important?

Experts view the 10-year Treasury yield as a benchmark for the state of the economy and investor confidence. It drives interest rates throughout the market, making money more or less expensive to borrow. While the recent upward trend in rates is notable, it's essential to consider historical context and fluctuations when evaluating long-term averages.



Past performance is not indicative of future returns.

Core bonds represented by Bloomberg US Aggregate Bond Index; Intermediate Treasuries represented by ICE BofA 5-10Y US Trsy TR USD; Long-term Treasuries represented by ICE BofA 10+Y US Trsy TR USD.

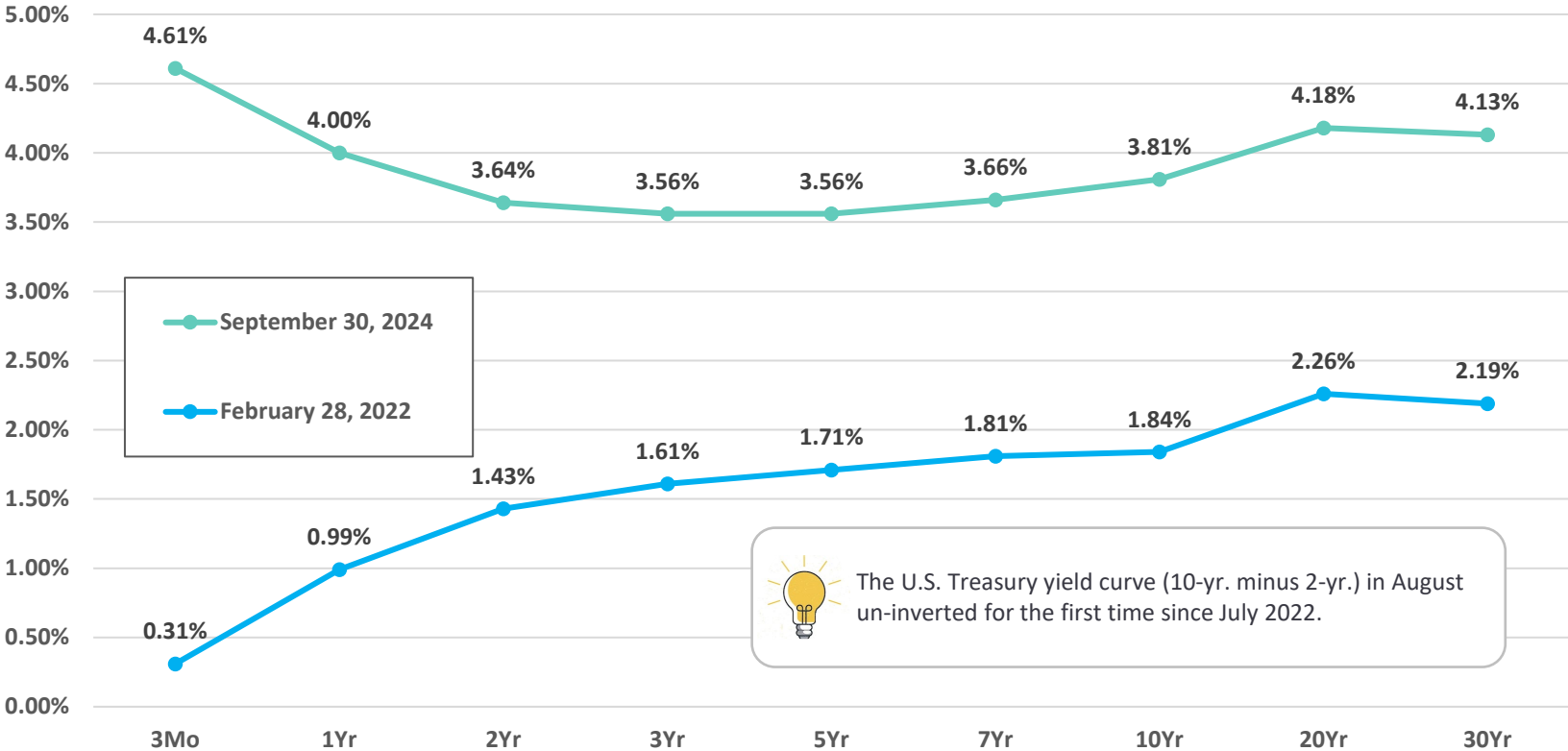
You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. See index definitions and disclosures at back of presentation.

Source: Morningstar, Bloomberg, J.P. Morgan Asset Management. Data as of September 30, 2024. ¹Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data is available.

	YTD return (thru 9/30/2024)		
Core bonds	4.45%		
Intermediate Treasuries	4.44%		
Long-term Treasuries	3.02%		
	Nominal yield	Core inflation ¹	Real yield
10-year Treasury	3.81%	3.27%	0.54%

Yield curve

U.S. Treasury yield curve



What is this chart showing?

This chart shows the U.S. Treasury yield curve as of the latest month end, as well as in February 2022 — just before the Federal Reserve began raising interest rates.

Why is it important?

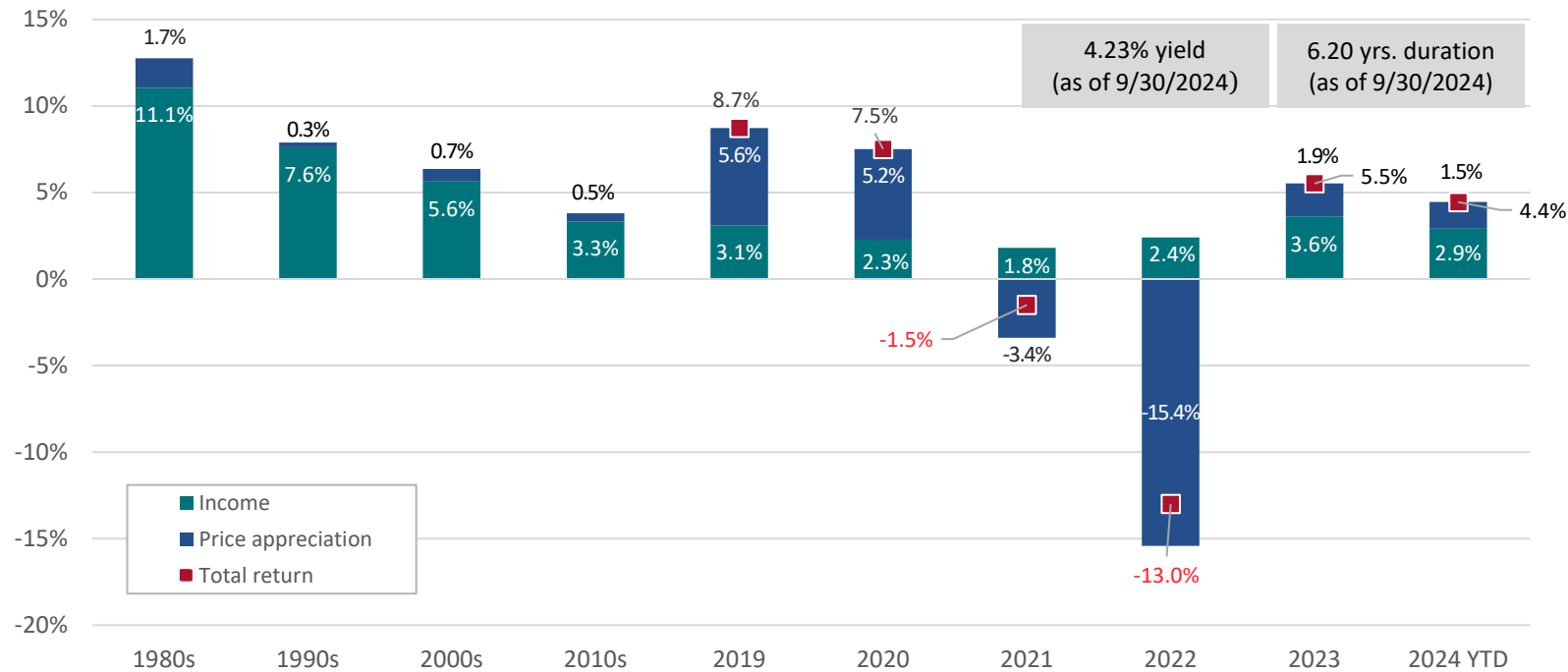
The yield curve is an economic indicator as it is a representation of investors' expectations for future interest rates, economic growth and inflation.

Prior to August, the yield curve had been inverted for more than two years, meaning shorter rates were higher than longer rates. This tends to happen when investors believe the economy could be weakening and is likely to slow in the future.

Source: FactSet, U.S. Department of the Treasury, Federal Reserve Bank of St. Louis. Data as of September 30, 2024.

Core bonds: Total return breakdown

Bloomberg U.S. Aggregate Bond Index



What is this chart showing?

This chart breaks down the total return of the Barclays U.S. Aggregate Bond Index into separate income and price appreciation components throughout different time periods.

Why is it important?

Investors can use this to see what has historically contributed to the total return of bonds, and how it has shifted over the decades. In 2022, a spike in interest rates resulted in significant price declines in core bonds. With little income to offset this price loss, the asset class ended the year deeply in the red.

Bonds rebounded nicely in 2023, delivering a healthy 5.5% return, but are modestly in the red thus far in 2024.

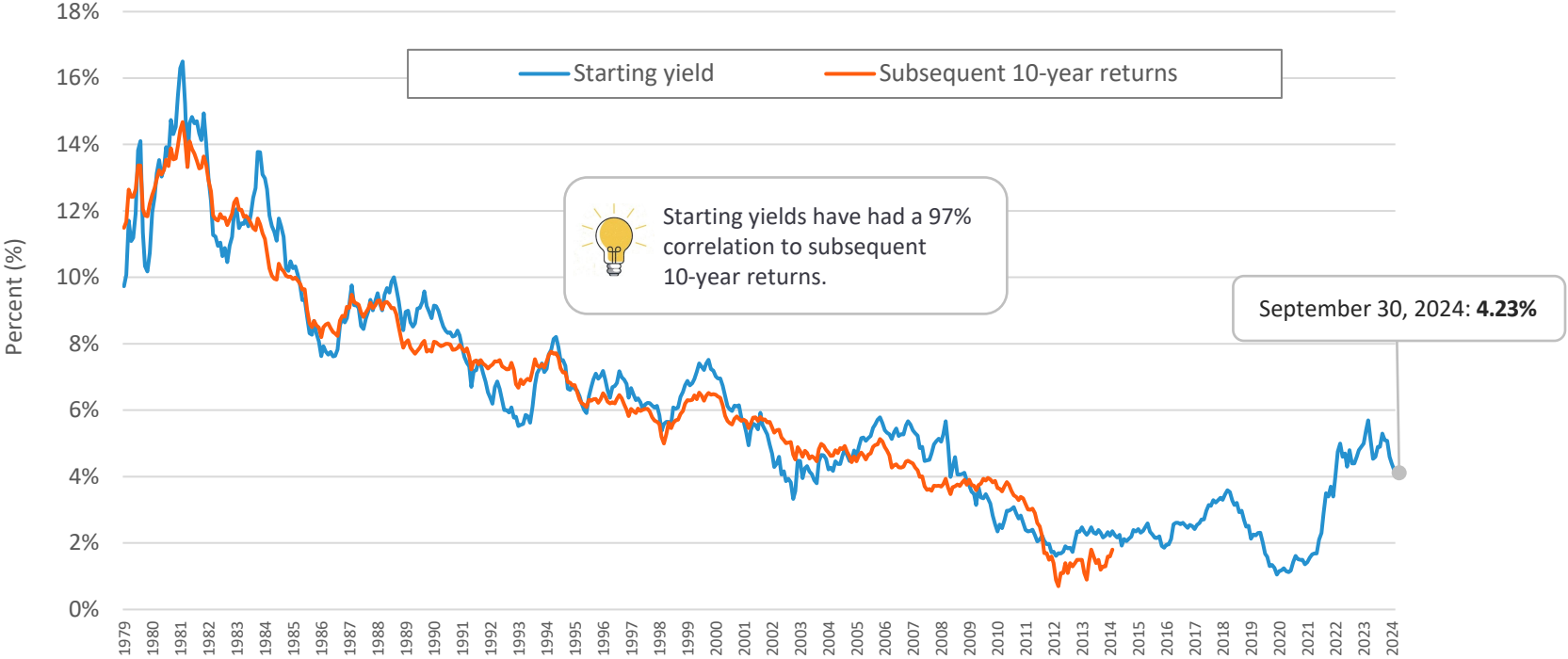
Looking ahead, attractive starting yields could prove beneficial for the longer-term returns of core bonds.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures.

Source: Bloomberg, Morningstar. YTD data as of September 30, 2024. **Past performance is not indicative of future returns.**

Core bonds: Starting yields and subsequent returns

Bloomberg U.S. Aggregate Bond Index



What is this chart showing?

This chart shows the starting yield of U.S. core bonds for the past 40+ years, along with the subsequent 10-year total returns from that point.

Why is it important?

Investors commonly look to current yields to inform their total return expectations, as historically, the starting yield is an accurate predictor of future long-term bond returns (97% correlation).

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures. Source: Research affiliates based on data from Bloomberg and FactSet as of September 30, 2024. Proxy: Bloomberg U.S. Aggregate Bond Index. **Past performance is not a guarantee or a reliable indicator of future results.**

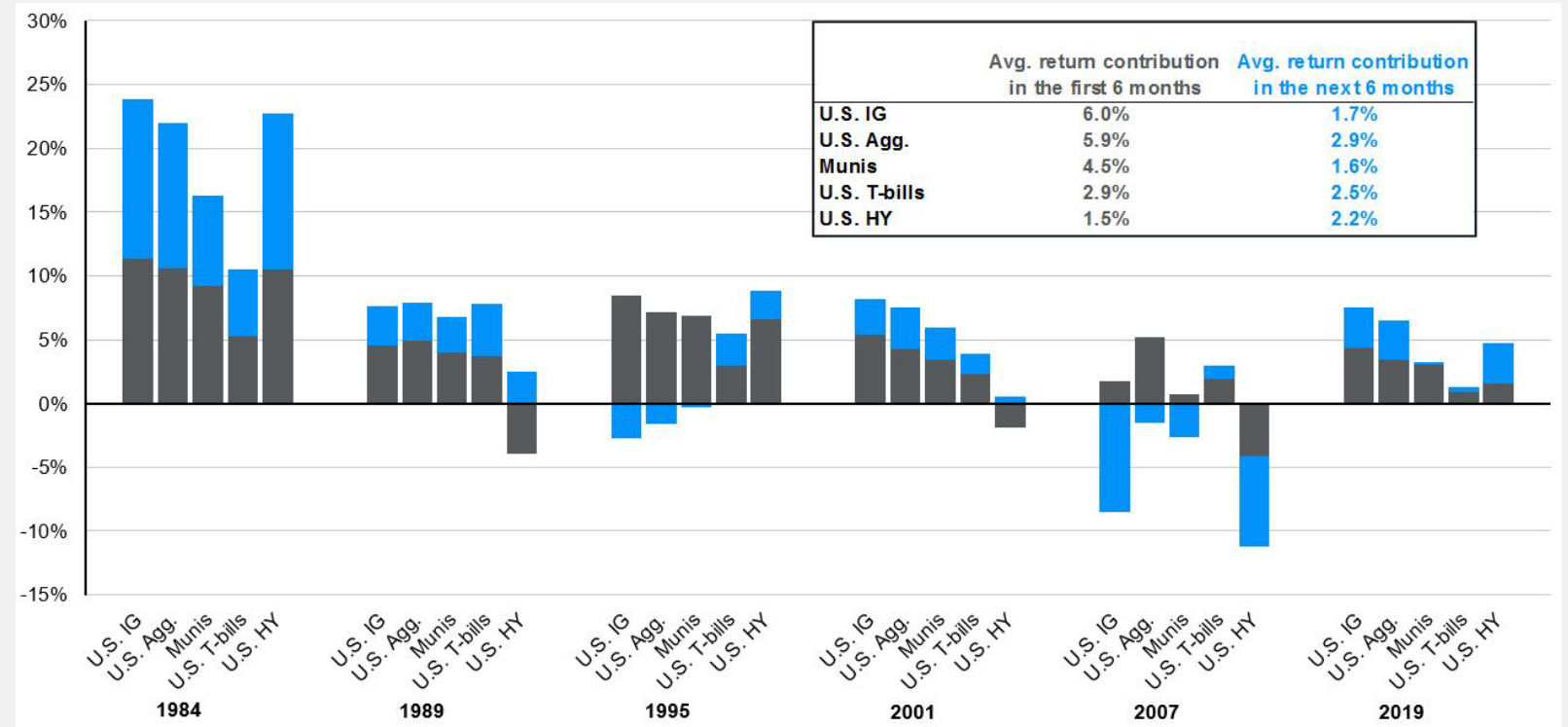
What could rate cuts mean for fixed income investing?

J.P.Morgan Asset Management

This chart shows how different pockets of the bond market performed during previous cutting cycles. Analyzing returns in the 12 months following the first-rate cut, several lessons emerge: now may be an opportune time to invest in bonds, extend duration beyond cash, and shore up on quality.

Interest rate volatility may persist, but today's fixed income market appears attractive.

While an allocation to high-quality, short-to-intermediate duration bonds will likely benefit from the cutting cycle, it is important to acknowledge that "fixed income" as an asset class is not a monolith: each sub-sector has its own nuances, risks and opportunities.



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

Source: J.P. Morgan Asset Management. **Past performance is no guarantee of future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.**

Long-term bond returns and changes to interest rates

BlackRock

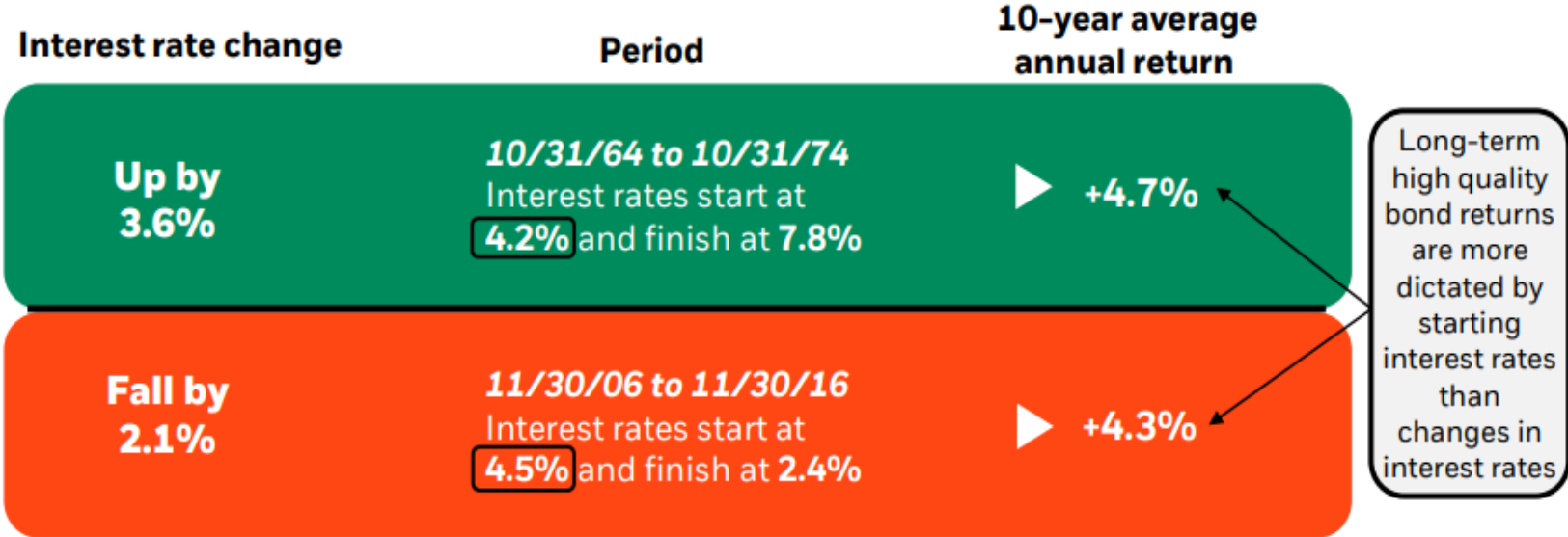
The starting interest rate often dictates the longer-term total return for bond investors.

This slide shows two ten-year historical examples of this concept, one in which interest rates rose over the decade, and another where they fell.

In both cases, the average annual return was very close to the starting yield.

Using history to better understand changes to interest rates and bond returns

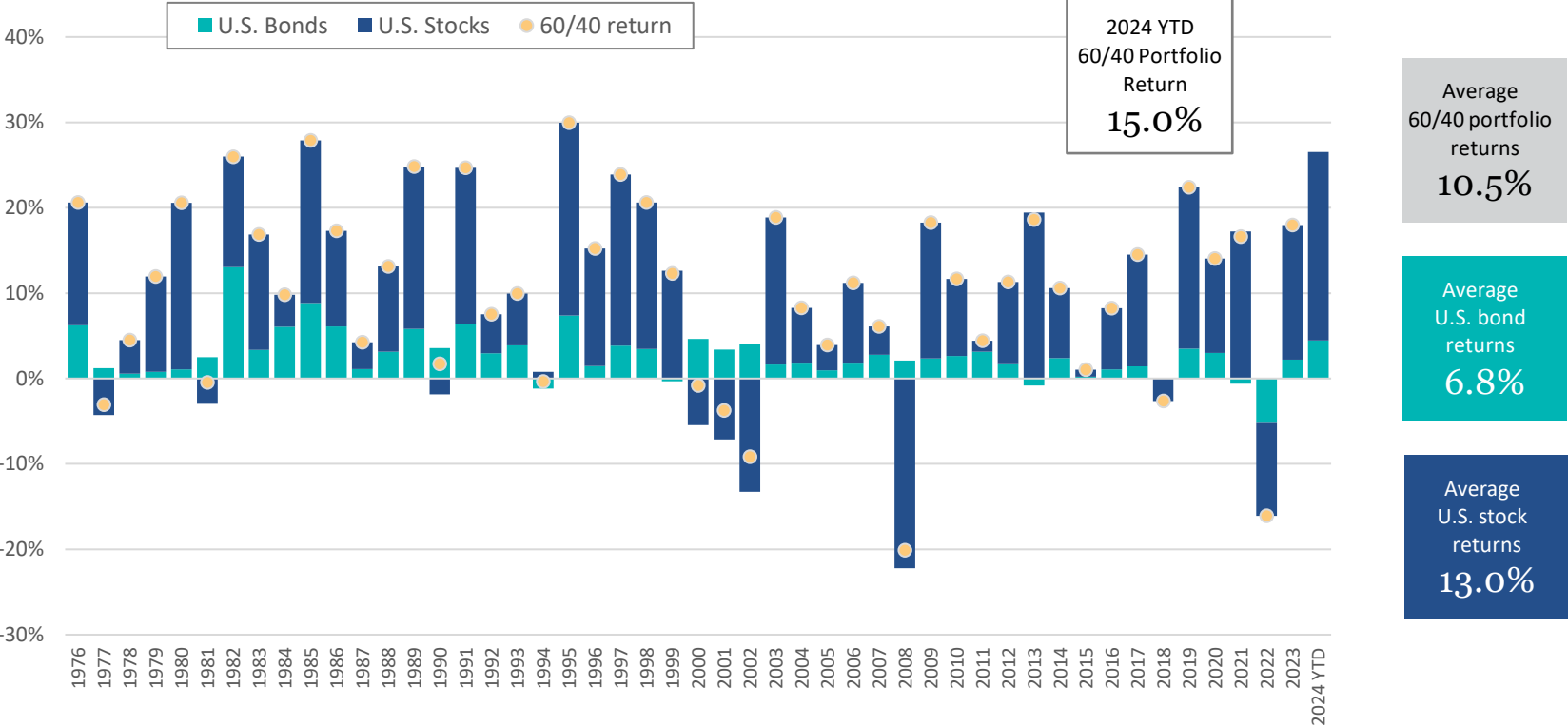
Bloomberg U.S. Aggregate Bond Index (10/31/64 - 11/30/23)



Source: BlackRock, Student of the Market. Morningstar as of 11/30/23. U.S. bonds represented by the U.S. Agg Bond TR Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Asset allocation

60/40 portfolio returns



What is this chart showing?

This chart shows both the annual and long-term average returns of a portfolio consisting of 60% U.S. stocks and 40% U.S. bonds.

Why is it important?

Investors can use this to compare the performance of a domestic 60/40 portfolio to other strategies, as well as view the respective contribution to total return from both stocks and bonds.

Average 60/40 portfolio returns
10.5%

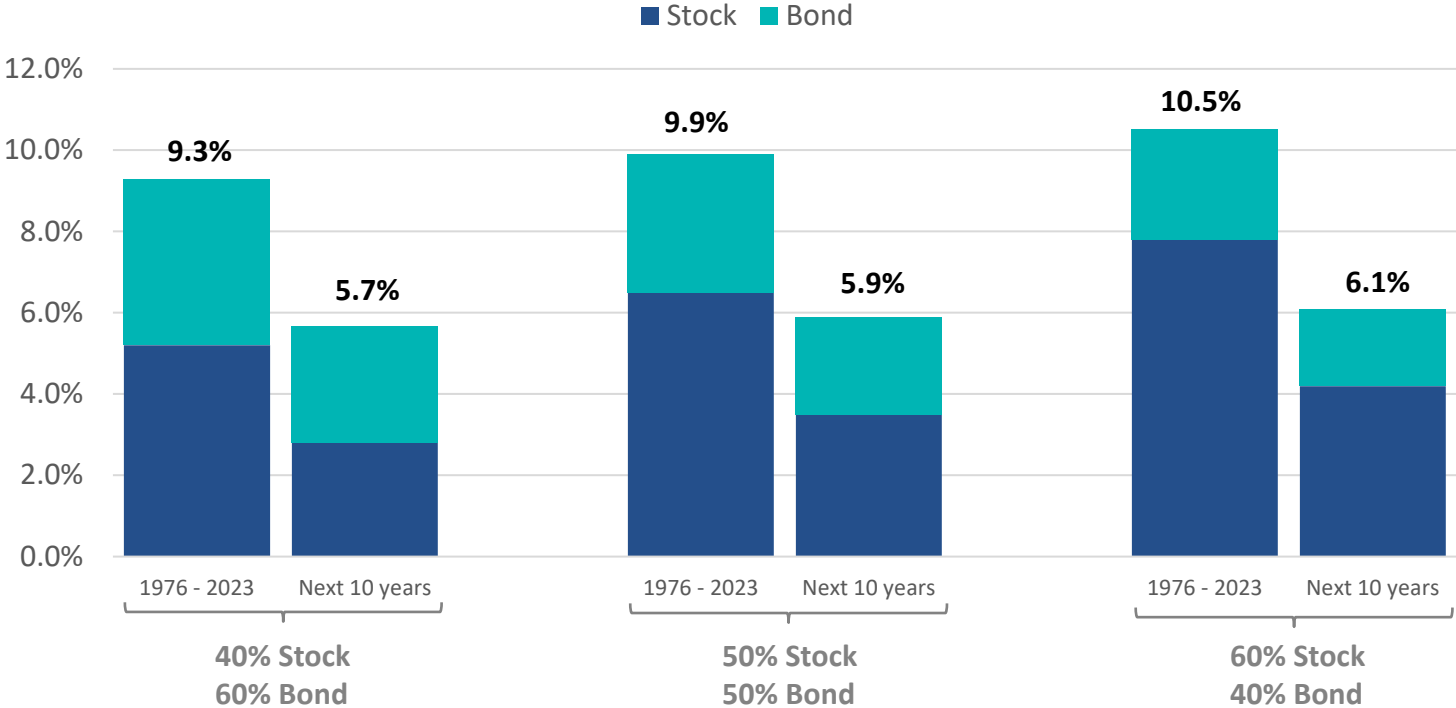
Average U.S. bond returns
6.8%

Average U.S. stock returns
13.0%

Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index. You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures.

Source: Data from Morningstar, Stocks = S&P 500 TR, Bonds = Bloomberg Barclays US Aggregate Bond Index, 1976 through September 30, 2024; 60/40 Portfolio = 60% S&P 500 TR + 40% Bloomberg Barclays US Aggregate Index. Arithmetic averages used. **Past performance is not indicative of future returns. Asset allocation does not ensure a profit nor protect against loss.**

Balanced portfolio return expectations



Capital market expectations	U.S. stocks	U.S. bonds
J.P. Morgan Asset Management	8.19%	5.19%
Goldman Sachs Asset Management	7.30%	4.70%
BlackRock	6.56%	4.54%
State Street	5.90%	4.70%
Average	6.99%	4.78%

What is this chart showing?

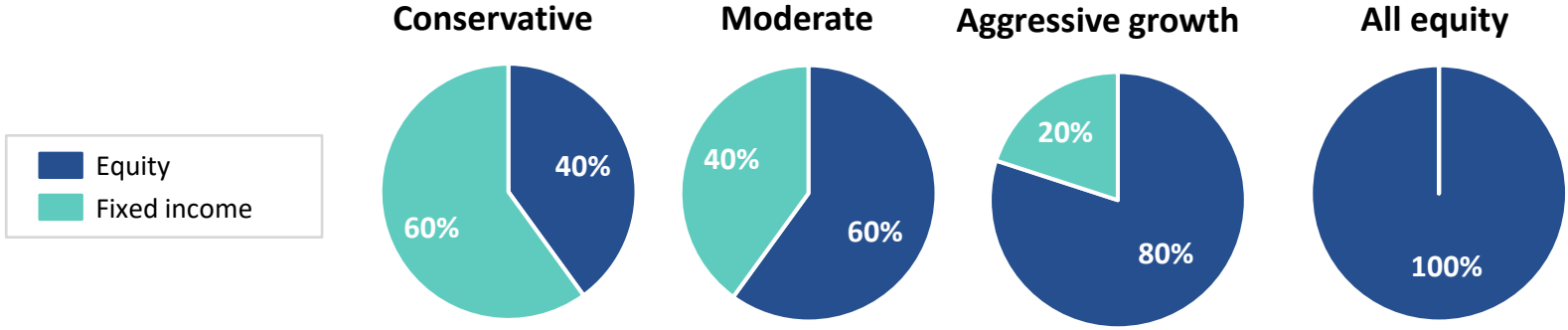
This chart shows the average historical return of balanced portfolios compared to the projected 10-year future return of similarly weighted portfolios. Future returns are based on the average of capital market expectations from several of our asset management partners.

Why is it important?

Understanding what future returns may look like relative to the past can help inform investment decisions and provide a valuable input for planning purposes.

Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg U.S. Aggregate Bond Index. You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures. **Past performance is not indicative of future returns. This market forecast is based on the latest forward-looking expectations from select fund partners and is not intended as a recommendation to invest in any particular asset class or strategy or as a promise — or even estimate — of future performance.** Source: Morningstar, S&P, Bloomberg. Data as of September 30, 2024. Portfolios 1976-2023 represent average calendar year weighted return of various mixes from 40%-60% S&P 500 TR to 60%-40% Barclays US Aggregate Index; Next 10 years = Average Equity and bond returns based on capital market expectations shown in the table. Core equity = US Equity, Core bonds = US aggregate bonds. **See Additional Information for more information.**

The value of diversification



Average annual return	9.10%	10.27%	11.44%	12.60%
Standard deviation (Volatility)	8.55%	10.77%	13.43%	16.30%
Sharpe ratio (Risk-adjusted return)	0.64	0.61	0.58	0.55
Worst 12-month return	-16.09%	-25.17%	-34.24%	-43.32%
Best 12-month return	42.61%	48.80%	54.99%	61.18%

What is this chart showing?

This chart shows return, volatility, and risk-adjusted return statistics for four hypothetical portfolio mixes.

Why is it important?

Diversification, or investing in a variety of assets such as stocks and bonds, has historically helped reduce the overall risk of a portfolio and improve risk-adjusted returns over time.

Past performance is not indicative of future returns. Index performance is for illustrative purposes only. You cannot invest directly in the index.

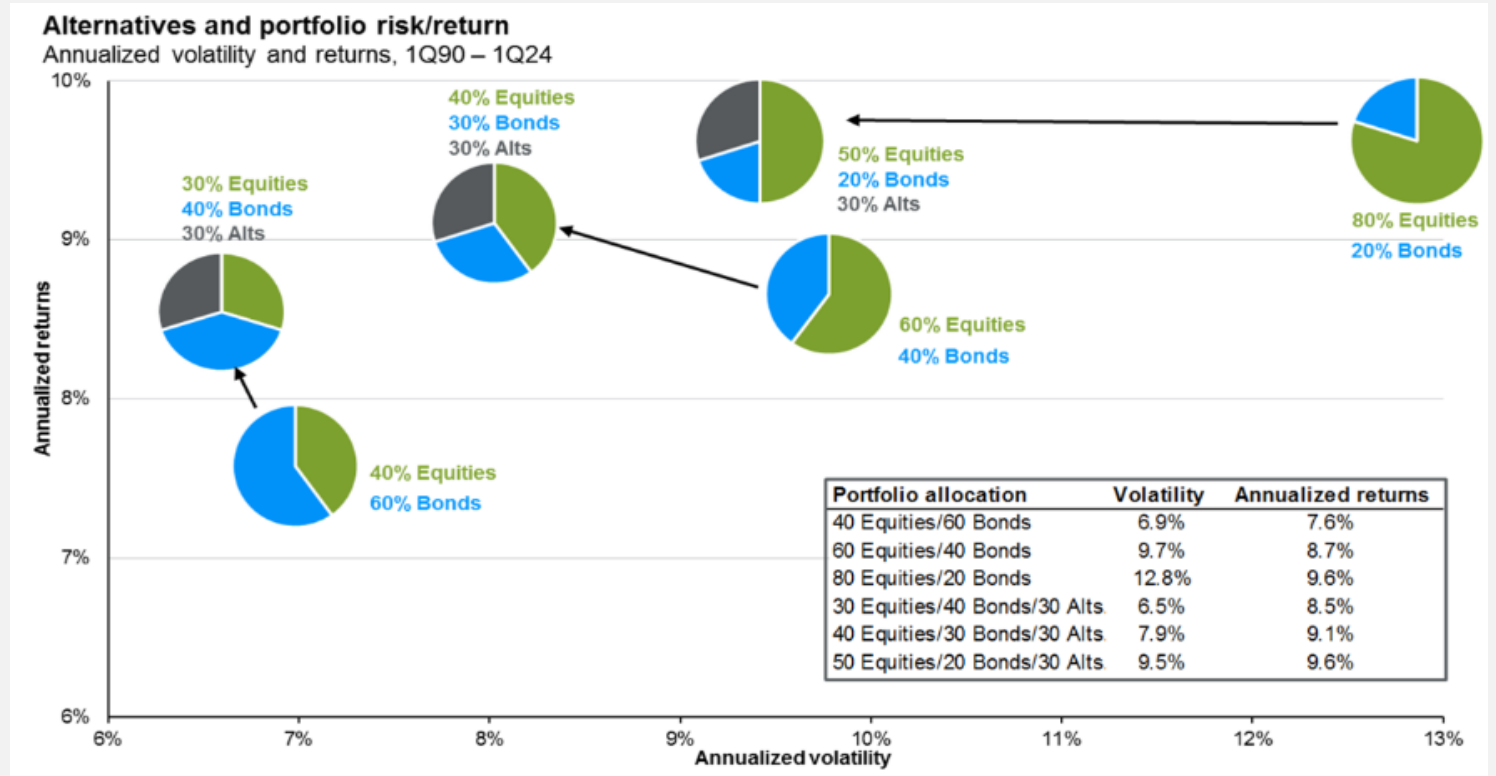
Source: Morningstar. Data is based on 1-year rolling returns. Equity represented by the S&P 500 Total Return Index. Fixed Income represented by the Bloomberg U.S. Aggregate Bond Index. Data is from January 1976 to December 2023.

The diversification benefits of alternatives

J.P.Morgan Asset Management

This chart shows how adding a diversified sleeve of alternatives (real estate, private equity and hedge funds) to traditional stock/bond portfolios can help manage risk and improve return.

Source: Bloomberg, Burgiss, HFRI, NCREIF, Standard & Poor's, FactSet, J.P. Morgan Asset Management. Alts include hedge funds, real estate, and private equity, with each receiving an equal weight. Portfolios are rebalanced at the start of the year. Equities are represented by the S&P 500 Total Return Index. Bonds are represented by the Bloomberg U.S. Aggregate Total Return Index. Volatility calculated as the annualized standard deviation of quarterly returns. Data are based on availability as of August 31, 2024.



Source: J.P. Morgan Asset Management, "Guide to Alternatives," 2024.

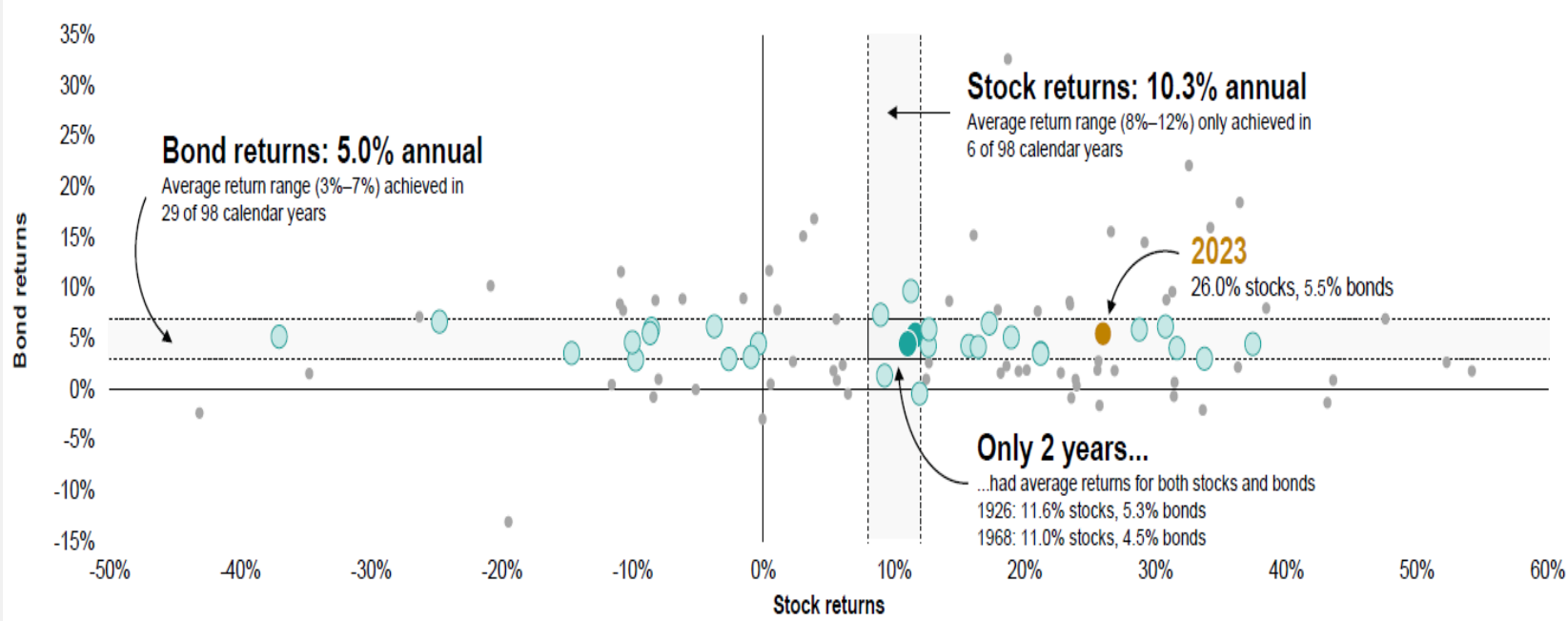
In the short term, an investor's experience is anything but the historical average



In the short term, an investor's experience can be quite different from historical averages. This is because short-term market movements are often influenced by a variety of factors such as economic data, geopolitical events, and investor sentiment, which can lead to volatility.

Therefore, attempting to time the market can be challenging and often counterproductive. Instead, focusing on long-term goals and maintaining a diversified portfolio can help manage risk and improve the likelihood of achieving your investment objectives.

Annual stock and bond returns (1926 through 2023)



Source: Vanguard. Each circle represents a calendar year from 1926 through 2023 (98 points = 98 years), plotted at the intersection of that year's stock return and bond return. The vertical shaded area contains all years whose stock return was between 8% and 12%. The horizontal shaded area contains all years whose bond return was between 3% and 7%. The two solid circles within the combined shaded area represent the two years both stock and bond returns fell into an average range. Stock returns are represented by the Standard & Poor's 90 Index from 1926 through March 3, 1957, the S&P 500 Index from March 4, 1957, through 1974, the Wilshire 5000 Index from 1975 through April 22, 2005, the MSCI US Broad Market Index from April 23, 2005, through June 2, 2013, and the CRSP US Total Market Index thereafter. Bond returns are represented by the S&P High Grade Corporate Index from 1926 through 1968, the Citigroup High Grade Index from 1969 through 1972, the Lehman Brothers U.S. Long Credit AA Index from 1973 through 1975, the Bloomberg U.S. Aggregate Bond Index from 1976 through 2009, and the Bloomberg U.S. Aggregate Float Adjusted Bond Index thereafter. Sources: Vanguard calculations as of December 31, 2023, using data from Refinitiv. **Past performance is no guarantee of future results. Index performance is for illustrative purposes only. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. All investments are subject to risk, including the possible loss of the money you invest. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Investments in bonds are subject to interest rate, credit, and inflation risk.**

What's the real return on 12-month CDs?

HARTFORDFUNDS

Our benchmark is the investor.*

Twelve-month rates on certificates of deposit (CDs) were below 3% from 2008 to 2022 but have recently increased.

However, when taxes and inflation are factored in, 12-month CDs have provided negative real returns in 17 out of the last 20 years.

Inflation and taxes have had a significantly negative effect on CD return rates

Year	12-Month CD Yield (%) ¹	Taxes (%) ²	Inflation (%)	Real Return After Taxes & Inflation (%)
2004	2.58	25	3.34	-1.41
2005	4.22	25	3.34	-0.18
2006	4.91	25	2.52	1.16
2007	4.43	25	4.11	-0.79
2008	2.65	25	-0.02	2.01
2009	1.44	25	2.81	-1.73
2010	0.96	25	1.44	-0.72
2011	0.77	25	3.06	-2.48
2012	0.69	25	1.76	-1.24
2013	0.67	25	1.51	-1.01
2014	0.70	25	0.65	-0.13
2015	0.62	25	0.64	-0.18
2016	0.59	25	2.05	-1.61
2017	0.80	25	2.10	-1.50
2018	1.29	22	1.92	-0.91
2019	1.14	22	2.26	-1.37
2020	0.39	22	1.28	-0.98
2021	0.28	22	7.10	-6.88
2022	2.35	22	6.42	-4.59
2023	5.32	22	3.40	0.75

Source: Hartford Funds, Bloomberg, FactSet. Past performance does not guarantee future results, 1/24.

1 CD rates are proxied by Bankrate's 12-month CD national average. 2 Tax Policy Center, 12/23.

Asset class returns

J.P.Morgan Asset Management

This table shows the annual returns for a range of different asset classes across a 15-year time period. It has everything from stocks and bonds to commodities and cash. On the far left-hand side of the chart, we show both the annualized return and annualized volatility over the last 15 years for each asset class.

Cutting through the middle of the chart is a hypothetical diversified portfolio composed of different weights of these asset classes.

2009-2023		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Large Cap	Small Cap	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap
14.0%	21.9%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	22.1%
Small Cap	REITs	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	EM Equity
11.3%	21.2%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	17.2%
REITs	EM Equity	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	REITs
10.9%	20.3%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	14.2%
High Yield	DM Equity	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	DM Equity
8.6%	18.4%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	13.5%
Asset Alloc.	Comdty.	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	Asset Alloc.
8.1%	16.6%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	12.3%
DM Equity	Large Cap	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Small Cap
7.4%	16.1%	26.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	11.2%
EM Equity	High Yield	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	High Yield
6.9%	11.5%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	9.6%
Fixed Income	Asset Alloc.	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	Comdty.
2.7%	11.5%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	5.9%
Cash	Fixed Income	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	Fixed Income
0.8%	4.5%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.4%
Comdty.	Cash	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	Cash
-0.2%	0.7%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	4.1%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management. Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2023. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns. **Past performance is not indicative of future returns.** Guide to the Markets – U.S. Data are as of September 30, 2024.

Foundations

Life expectancy probabilities

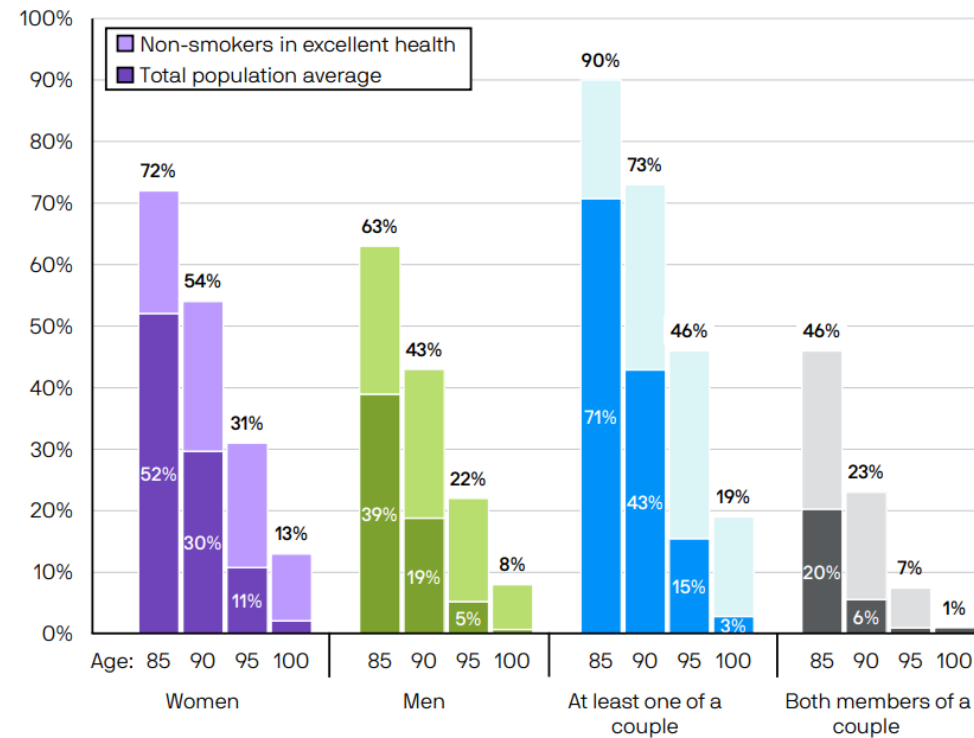
J.P.Morgan Asset Management

Life expectancies in the United States continue to increase as more people are living to older ages.

This chart shows the probability that 65-year-old men and women today will reach various ages. For a 65-year-old couple, there is nearly an even chance that one of them will live to age 90 or beyond.

Individuals should plan for living well beyond the average – to age 95 or even 100 – especially those in good health. Shown on the purple bars, half of women will make it at least to 85, and more than half of female nonsmokers in excellent health will pass age 90. Men are not that far behind, with 4 in 10 healthy nonsmoking men expected to surpass age 90.

If you're age 65 today, the probability of living to a specific age or beyond



Source: Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/> (accessed January 2024), J.P. Morgan Asset Management.

Source: J.P. Morgan Asset Management, "Guide to Retirement," 2024.

Effect of withdrawal rates and portfolio allocations

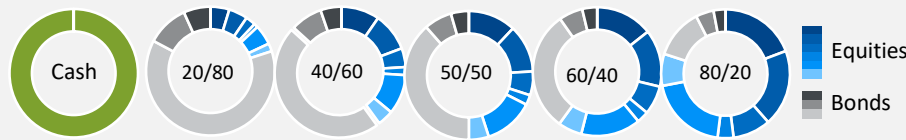
J.P.Morgan Asset Management

The table on the left shows the probability of systematic withdrawal rates ranging from 1 – 10% successfully lasting for 35 years given various diversified asset allocations.

The table on the right reflects the probability of success after 30 years.

Likelihood of success after 35 years

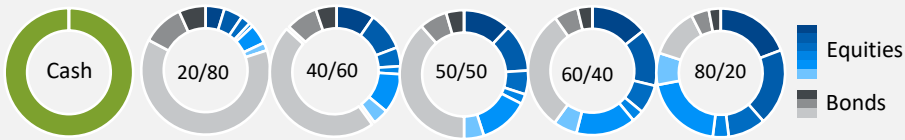
Various initial withdrawal rates and diversified asset allocations



Initial withdrawal rate	1%	95-100	95-100	95-100	95-100	95-100	
	2%	95-100	95-100	95-100	95-100	95-100	
	3%	0-5	95-100	95-100	95-100	90-95	
	4%	0-5	55-60	70-75	70-75	75-80	70-75
	5%	0-5	5-10	30-35	35-40	45-50	50-55
	6%	0-5	0-5	5-10	10-15	20-25	30-35
	7%	0-5	0-5	0-5	0-5	5-10	15-20
	8%	0-5	0-5	0-5	0-5	0-5	5-10
	9%	0-5	0-5	0-5	0-5	0-5	0-5
	10%	0-5	0-5	0-5	0-5	0-5	0-5

Likelihood of success after 30 years

Various initial withdrawal rates and diversified asset allocations



Initial withdrawal rate	1%	95-100	95-100	95-100	95-100	95-100	High Confidence	
	2%	95-100	95-100	95-100	95-100	95-100		
	3%	95-100	95-100	95-100	95-100	95-100		
	4%	0-5	75-80	85-90	80-85	80-85	80-85	Med Confidence
	5%	0-5	20-25	45-50	50-55	55-60	55-60	
	6%	0-5	0-5	15-20	20-25	30-35	35-40	
	7%	0-5	0-5	0-5	5-10	10-15	20-25	Low Confidence
	8%	0-5	0-5	0-5	0-5	0-5	10-15	
	9%	0-5	0-5	0-5	0-5	0-5	5-10	
	10%	0-5	0-5	0-5	0-5	0-5	0-5	

Source: J.P. Morgan Asset Management. This chart is for illustrative purposes only and must not be used, or relied upon, to make investment decisions. Portfolios are described using equity/bonds. For asset allocation details, see “Model Portfolio Details” on the Disclosure page. J.P. Morgan Asset Management’s (JPMAM) model is based on a blend of proprietary Long-Term Capital Market Assumptions (first 10 years) and equilibrium returns (25 years). The resulting projections include only the benchmark return associated with the portfolio and do not include alpha from the underlying product strategies within each asset class. The yearly withdrawal amount (1% to 10%) is set as a fixed percentage of the initial amount of \$1,000,000 and is then inflation-adjusted over the period (2.3%). The percentile outcomes represent the percentage of simulated results with an account balance greater than \$0 after 35 years (e.g., “95–100” means that 95–100% of simulations had account balances greater than \$0 after 35 years). Overlap percentiles are included in the lower bracket (e.g., 80 is included in “75–80”; 85 is included in “80–85”). Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve.

Balancing sustainable income and legacy goals



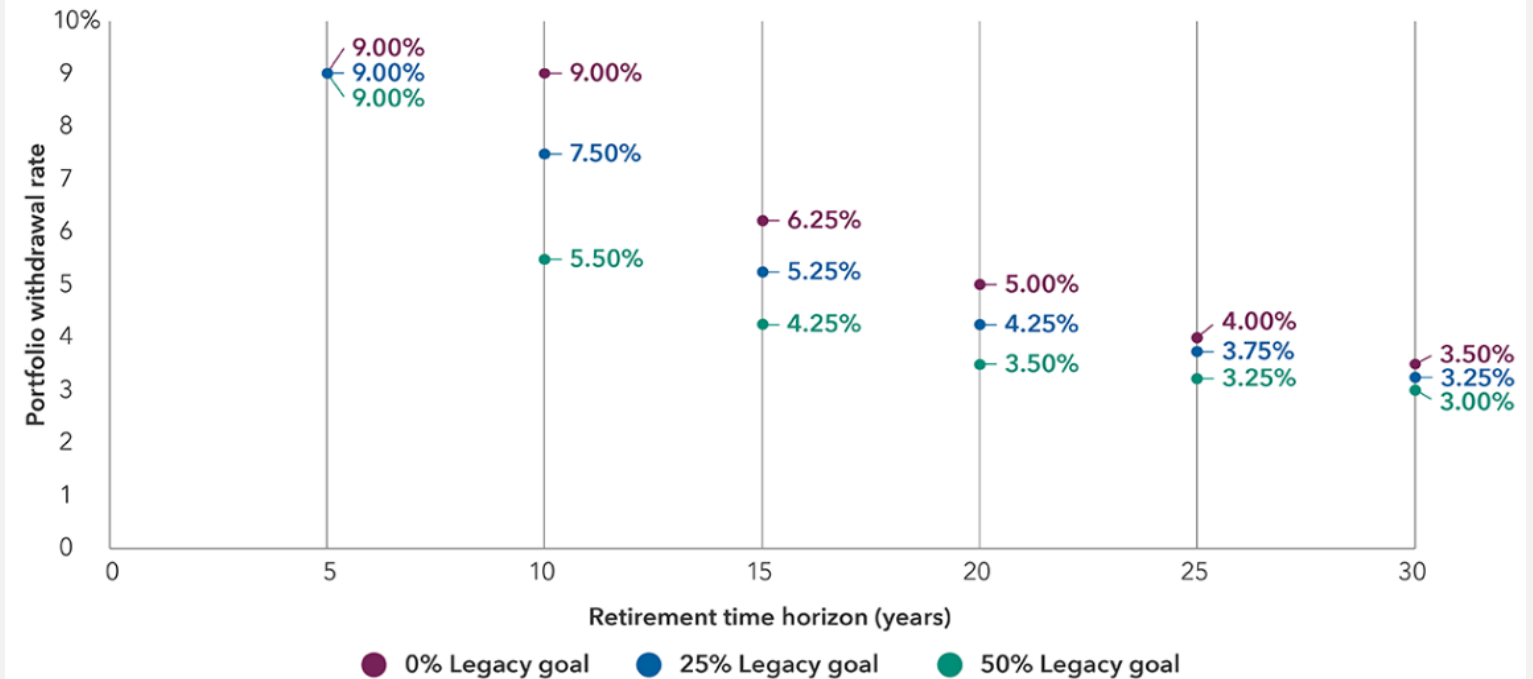
CAPITAL GROUP | **AMERICAN FUNDS**

Certain withdrawal methods may be better for maximizing current spending, while others excel in preserving one's nest egg for a future legacy.

For example, legacy-focused investors often favor lower withdrawal rates. Based on analysis by Capital Group, an investor looking to preserve at least 50% of their account balance over a 30-year horizon may consider a 3.00% fixed withdrawal to meet this objective. If the legacy goal decreases to 25% of the account balance, the fixed withdrawal rate may increase to 3.25%.

The probability of success involves balancing a retiree's income and legacy objectives, not just avoiding portfolio depletion.

Optimal withdrawal rates for retirement and legacy goals



Source: Capital Group calculations based on a hypothetical Monte Carlo analysis. We then calculated the hypothetical investment outcomes of these personalized portfolios using Capital Group's capital markets assumptions (CMAs) for global equities (represented by the MSCI All Country World Index) and U.S. aggregate fixed income (represented by the Bloomberg U.S. Aggregate Index). We assumed a 60% allocation to equities and 40% to fixed income with fixed withdrawals starting in the first year of retirement and continuing for the time horizon indicated. Withdrawals are increased by 2.25% each year after the first year to adjust for inflation. Taxes and fees are not included. Neither past results nor capital market assumptions can guarantee future performance.

Sequence of returns: A tale of two investors



Investor 1

- \$500,000 investment
- 7.4% average annual return
- 4% withdrawals, increasing 3% each year
- Negative returns during early years
- Ran out of money in year 24
- Positive returns in later years were not enough to sustain income



Investor 2

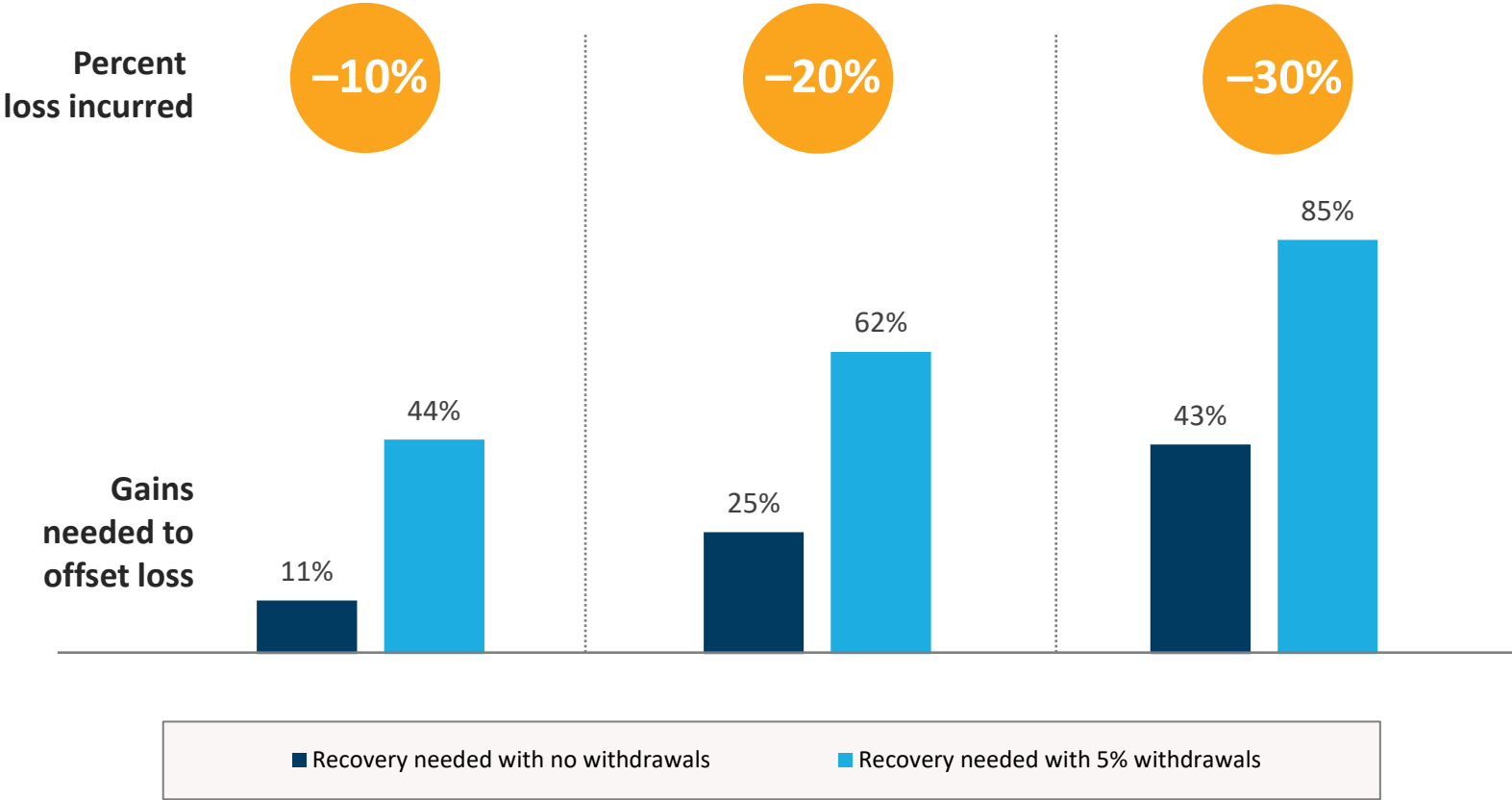
- \$500,000 investment
- 7.4% average annual return
- 4% withdrawals, increasing 3% each year
- Positive returns early in retirement
- Still had substantial cash value, even with negative returns in later years
- Will likely have a legacy to leave behind

Investor 1's portfolio			
Year	Annual return	4% withdrawals	Year-end value
1	-11.36%	\$20,000	\$425,472
2	-0.10%	\$20,600	\$405,277
3	10.79%	\$21,218	\$425,499
4	15.63%	\$21,855	\$466,734
5	-17.37%	\$22,510	\$367,062
6	-29.72%	\$23,185	\$241,676
7	31.55%	\$23,881	\$286,510
8	19.15%	\$24,597	\$312,069
9	-11.50%	\$25,335	\$253,759
10	1.06%	\$26,095	\$230,077
11	12.31%	\$26,878	\$228,212
12	25.77%	\$27,685	\$252,203
13	-9.73%	\$28,515	\$201,923
14	14.76%	\$29,371	\$198,021
15	17.27%	\$30,252	\$196,743
16	1.40%	\$31,159	\$167,902
17	26.33%	\$32,094	\$171,566
18	14.62%	\$33,057	\$158,759
19	2.03%	\$34,049	\$127,242
20	12.40%	\$35,070	\$103,601
21	27.25%	\$36,122	\$85,867
22	-6.56%	\$37,206	\$45,469
23	26.31%	\$38,322	\$9,028
24	4.46%	\$9,028	\$0
25	7.06%	\$0	\$0

Investor 2's portfolio			
Year	Annual return	4% withdrawals	Year-end value
1	7.06%	\$20,000	\$513,888
2	4.46%	\$20,600	\$515,289
3	26.31%	\$21,218	\$624,061
4	-6.56%	\$21,855	\$562,701
5	27.25%	\$22,510	\$687,393
6	12.40%	\$23,185	\$746,570
7	2.03%	\$23,881	\$737,359
8	14.62%	\$24,597	\$816,967
9	26.33%	\$25,335	\$1,000,069
10	1.40%	\$26,095	\$987,609
11	17.27%	\$26,878	\$1,126,649
12	14.76%	\$27,685	\$1,261,171
13	-9.73%	\$28,515	\$1,112,718
14	25.77%	\$29,371	\$1,362,527
15	12.31%	\$30,252	\$1,496,278
16	1.06%	\$31,159	\$1,480,649
17	-11.50%	\$32,094	\$1,281,971
18	19.15%	\$33,057	\$1,488,081
19	31.55%	\$34,049	\$1,912,779
20	-29.72%	\$35,070	\$1,319,654
21	-17.37%	\$36,122	\$1,060,582
22	15.63%	\$37,206	\$1,183,330
23	10.79%	\$38,322	\$1,268,554
24	-0.10%	\$39,472	\$1,230,312
25	-11.36%	\$40,656	\$1,054,511

Source: This hypothetical is for illustrative purposes only and does not reflect the performance of any product. Investor 1's portfolio is based on S&P 500 Index returns, price only (dividends not reinvested), from January 1, 1969, to December 31, 1993. Investor 2's portfolio is based on reversing the order of Investor 1's returns. Average annual return is a simple average of the yearly returns and does not account for cash flows. Indices are unmanaged and unavailable for direct investment. **Past performance does not indicate future results.**

Returns needed to recover from losses



What is this chart showing?

This chart shows the gains needed to recover from losses, both with and without distributions.

Why is it important?

Many investors underestimate the gains needed to recover from investment losses — especially when withdrawals are being taken. Recouping losses always requires a larger percentage of gains than the loss itself to fully recover.

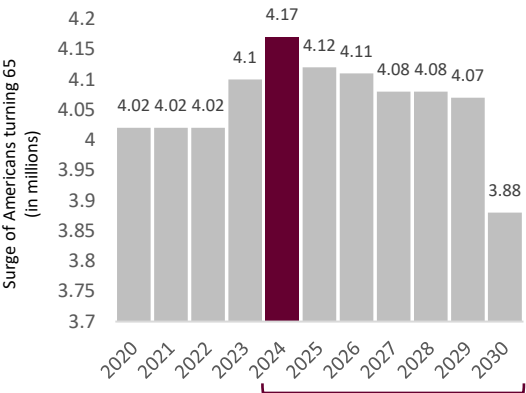
Source: Lincoln Financial Group.
 The calculation of the cumulative gains required over five years with withdrawals includes the initial loss (-10%, -20%, -30%) and the continued 5% annual withdrawals from the portfolio. It does not include the impact of investment returns. This is a hypothetical example. No actual investment is being illustrated.

America's Peak 65 milestone

The greatest surge of new retirees in the nation's history is fast approaching.

11,200
Americans are turning 65 every day!

2024 will see the greatest surge of Americans turning 65



- ☑ **30.4 million** Americans will turn age 65 between 2024 and 2030...*that's as much as the population of Texas!*
- ☑ **4.1 million+** Americans will turn 65 each year through 2027.

Source: Alliance for Lifetime Income, AARP, J.P. Morgan Asset Management, Cerulli Associates, U.S. News, The Cerulli Report—"U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2021: Evolving Wealth Demographics," "The Peak Boomer Impact Study" commissioned by ALI's Retirement Income Institute.

Did you know?

<p>America's 65-year-old population increased 1,000% between 1920 and 2020, with one in six people now 65 or older.</p>	<p>There are 73 million Baby Boomers in the U.S. and by 2030, one-fifth of the country will be 65 years or older.</p>	<p>24% of Peak Boomers have defined benefit pensions.</p>	<p>There is a nearly 50% chance of one member of a 65-year-old couple living for another 30 years.</p>
<p>Based on their assets and their likelihood of living up to 20 or more years in retirement, two-thirds of Peak Boomers will be challenged to maintain their lifestyles in retirement.</p>	<p>46% of Baby Boomer Americans are seeking financial advice.</p> <p>The 65 – 74 age range has an average net worth of \$1,794,600.</p>	<p>In the U.S., nearly \$84.4 trillion in wealth will be transferred from the baby boomer generation over the next two decades, particularly to millennials and Gen Xers.</p>	<p>This shift of wealth will impact the U.S. housing market, healthcare, education, labor markets, financial markets, and more.</p>

What is this chart showing?

This chart shows an overview of America's Peak 65 milestone.

Why is it important?

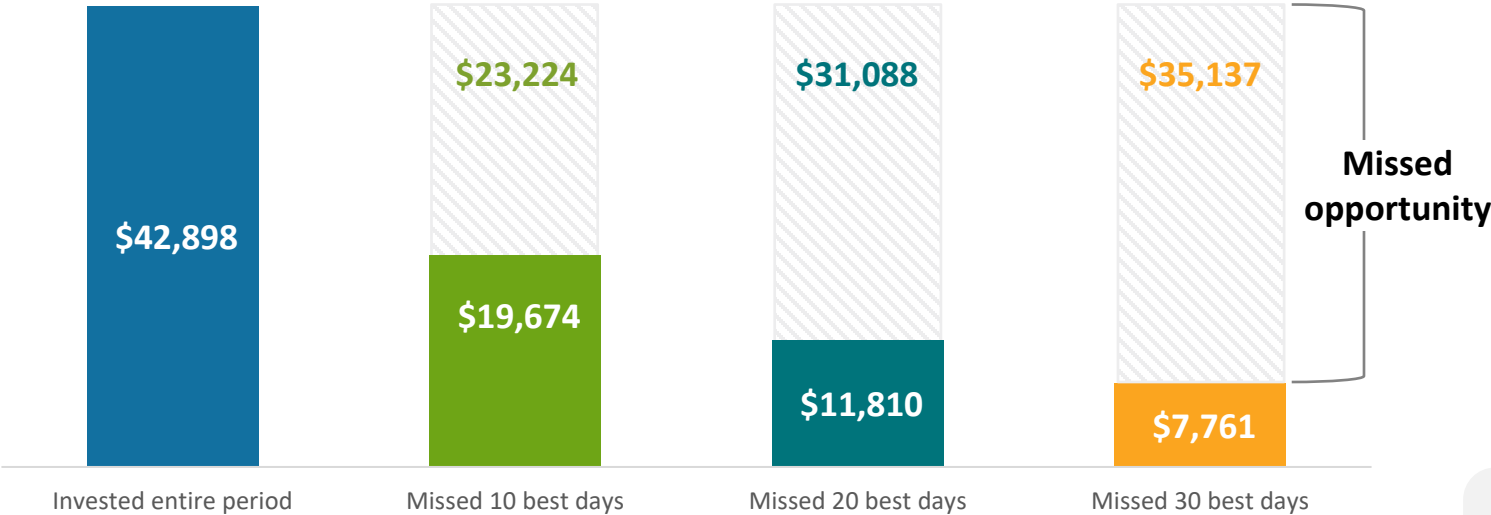
The year 2024 marks the beginning of the "Peak 65® Zone," the largest surge of retirement age Americans turning 65 in our nation's history. These Peak Boomers represent the youngest, largest, and final cohort of the Baby Boomer generation.

We're also in the midst of what many are calling the "Great Wealth Transfer." Many experts believe that this transfer of wealth between generations will have a significant impact on the economy. Though some parts of people's overall economic lives may remain untouched, this will undoubtedly impact America's housing, healthcare, education, labor markets, financial markets, and more.

This wealth transfer will likely benefit a large segment of upper-middle-class millennials who will inherit lump sums. As we approach the greatest surge in the number of people ages 65 and over, it's important for investors to have a plan in place for this evolving retirement landscape.

Impact of being out of the market

Performance of \$10,000 investment between January 1, 2004, and December 31, 2023.



	Invested entire period	Missed 10 best days	Missed 20 best days	Missed 30 best days
Cumulative return	329.0%	96.7%	18.1%	-22.4%
Annualized return	7.6%	3.4%	0.8%	-1.3%

What is this chart showing?

This chart shows how missing the best days in the market over the last 20 years would have impacted returns of an investment in the S&P 500 Index.

Why is it important?

Missing the best days can be costly, while avoiding the worst days can be beneficial. However, because the best days often follow the worst, it is nearly impossible to accurately time the market.

For this reason, simply staying the course is generally the best approach.

6 of the best 10 days happened within 10 trading days following one of the worst 10 days.

Source: Bloomberg, Lincoln Financial Group. Equity represented by the S&P 500 Price Return Index. Data is from January 1, 2004, to December 31, 2023. **Past performance is not indicative of future returns.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

The power of a retirement paycheck

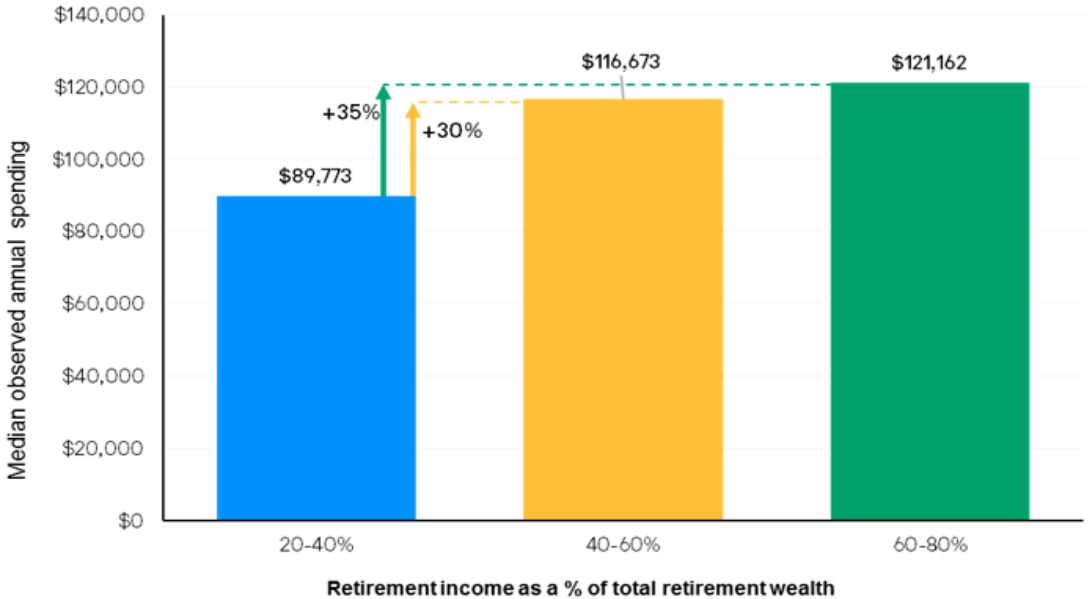
J.P.Morgan Asset Management

When comparing households with similar total retirement wealth, those who are more heavily weighted to retirement income spend significantly more per year. Total retirement wealth includes investable assets plus the present value of retirement income sources like Social Security, pensions and annuities.

Source: Chase data including select Chase credit and debit card, electronic payment, ATM withdrawal and check transactions in 2022. Information that would have allowed identification of specific customers was removed prior to the analysis. Asset estimates for de-identified and aggregated households supplied by IXI/Equifax, Inc. *Total retirement wealth is the sum of investable wealth and the present value of observed retirement income sources including Social Security (inflated), pensions and annuities (both not inflated) until age 90. Inflation rate assumption is 2.5%. Observed retirement income sources are adjusted to pre-tax values to be consistent with investable wealth. The 40 – 60% retirement income percentile mean values: Total retirement wealth: \$3.6M comprised of \$1.9M of investable wealth and \$1.7M of total retirement income (present value of \$102K annual retirement income until age 90).

Spending levels: total retirement wealth* \$3-5M

Spending based on level of retirement income ages 70-75 Median annual spending

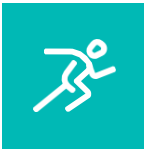
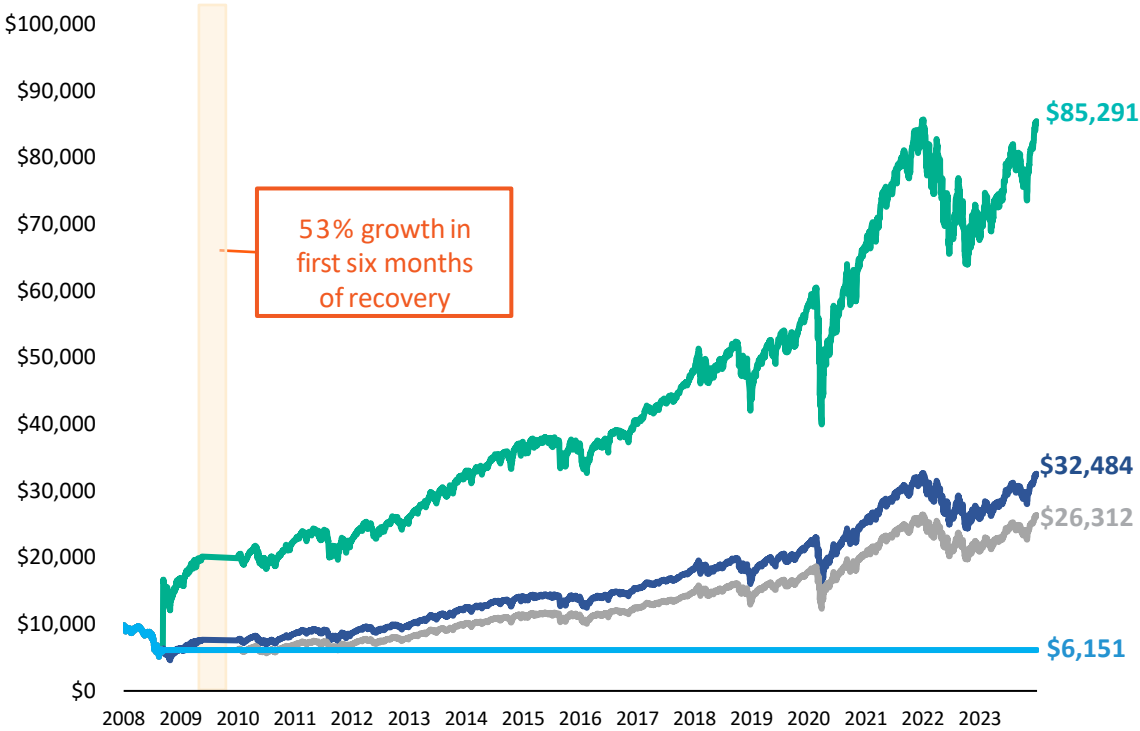


Source: J.P. Morgan Asset Management, "Annuities Improve Outcomes," 2023.

Your response to volatility matters

Four investor reactions to the 2008 Financial Crisis

Hypothetical growth of \$10,000 investment, January 2008 to December 2023



Opportunistic Investor
Invested an additional \$10,000 at the start of 2009



Steady Investor
Stayed the course, making no changes to portfolio



Uncertain Investor
Moved to cash at the start of 2009 and reinvested after 1 yr.



Apprehensive Investor
Moved to cash at the start of 2009 and remained there

What is this chart showing?

This chart shows how four different investors may have responded to the market volatility during the 2008 Financial Crisis.

Why is it important?

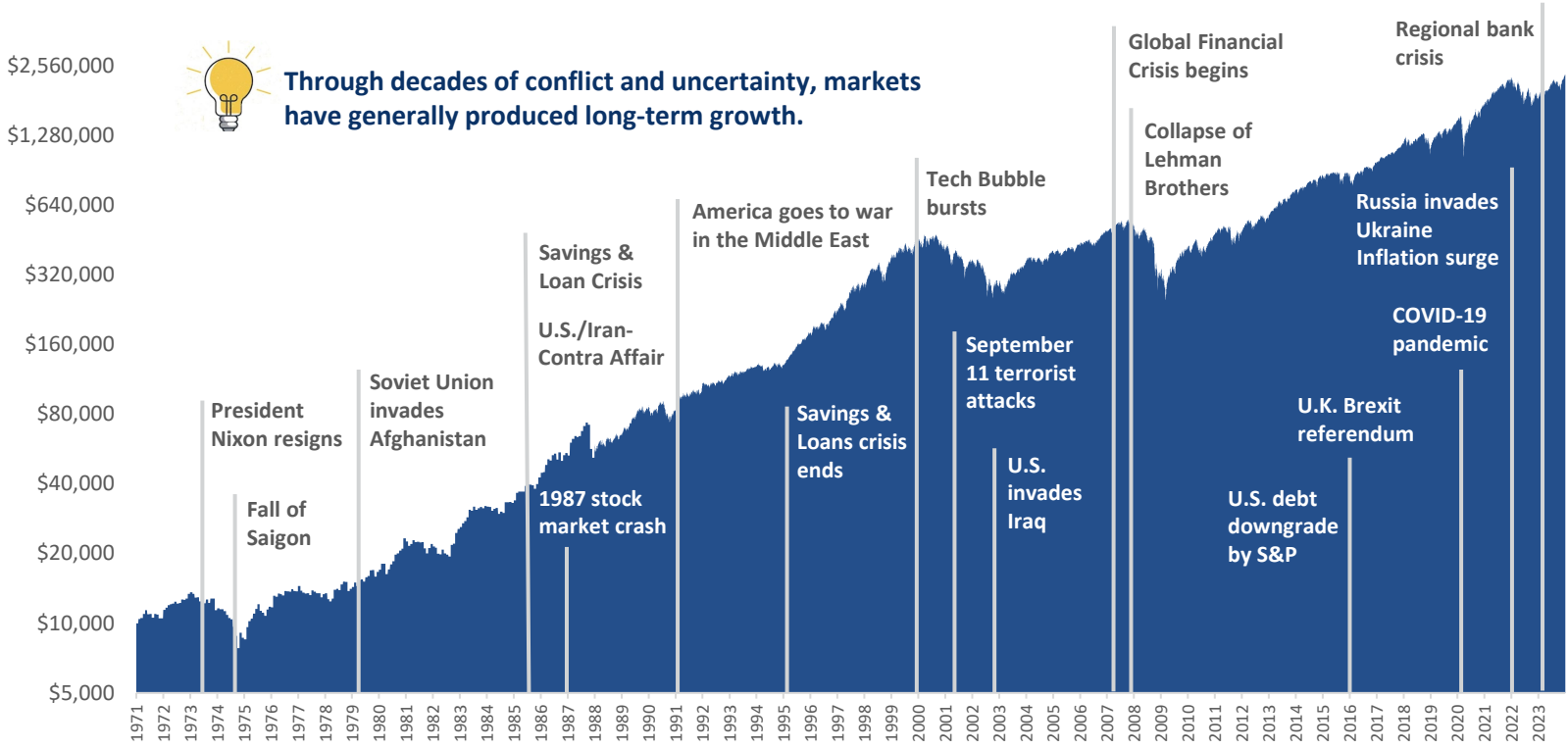
Investors can use this to help understand how different reactions to market volatility can impact their long-term outcomes.

While the steady investor outperformed those who moved to cash, the opportunistic investor who invested an additional \$10,000 during this period of market volatility had the most positive outcome of the group.

Source: Morningstar, Lincoln Financial Group. 1/1/2008 – 12/31/2023. S&P 500 Price Return Index used, which does not include dividends. Cash assumed to have a net yield of 0%. **Past performance is not indicative of future returns.** You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this presentation for index definitions and disclosures.

Market resiliency

Growth of \$10,000, S&P 500 (1971 – 2023)



What is this chart showing?

This chart shows that \$10,000 invested in the S&P 500 Index from January 1, 1971, to December 31, 2023, grew to over \$2.3 million throughout various crisis events. This equates to an annualized return of more than 10.5%.

Why is it important?

Market volatility has always been a source of concern for investors — whether it’s caused by geopolitical events, pandemics, inflation, interest rates or other economic conditions. It’s important to remember that while current events may feel unprecedented to us, markets have seen and tackled these types of challenges before — and are poised to do so again.

Source: Morningstar, S&P 500 Total Return Index, January 1, 1971, through December 31, 2023. Scale is logarithmic. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. Data as of December 29, 2023

Long-term investors are often rewarded



Time



1-Year Returns
(565 Rolling Periods)

80% Equity/20% Fixed Income
70% Equity/30% Fixed Income
60% Equity/40% Fixed Income
40% Equity/60% Fixed Income

Return thresholds				
5%+	6%+	7%+	8%+	9%+
73%	70%	67%	65%	62%
73%	70%	67%	64%	60%
72%	69%	65%	62%	58%
71%	68%	61%	53%	48%

10-Year Returns
(457 Rolling Periods)

80% Equity/20% Fixed Income
70% Equity/30% Fixed Income
60% Equity/40% Fixed Income
40% Equity/60% Fixed Income

5%+	6%+	7%+	8%+	9%+
89%	88%	79%	70%	66%
89%	87%	76%	69%	64%
89%	86%	73%	67%	60%
91%	79%	68%	61%	49%

20-Year Returns
(337 Rolling Periods)

80% Equity/20% Fixed Income
70% Equity/30% Fixed Income
60% Equity/40% Fixed Income
40% Equity/60% Fixed Income

5%+	6%+	7%+	8%+	9%+
100%	95%	88%	73%	51%
100%	93%	86%	67%	46%
100%	91%	84%	58%	46%
100%	89%	72%	47%	44%

30-Year Returns
(217 Rolling Periods)

80% Equity/20% Fixed Income
70% Equity/30% Fixed Income
60% Equity/40% Fixed Income
40% Equity/60% Fixed Income

5%+	6%+	7%+	8%+	9%+
100%	100%	100%	100%	99%
100%	100%	100%	100%	88%
100%	100%	100%	100%	75%
100%	100%	100%	86%	54%



Patience and a long-term view have historically helped deliver positive investment outcomes.

What is this chart showing?

This chart shows the percentage of times the return of several hypothetical mixes of U.S. stocks and bonds were equal to or above specific thresholds over 1-, 10-, 20- and 30-year rolling periods from 1974 through 2023.

Why is it important?

As time in the market increases, so does the historical frequency of surpassing various annual return targets.

For example, an 80/20 mix of stocks and bonds surpassed a 7% return in 67% of one-year holding periods. However, when that holding period was extended to 30 years, 100% of historical outcomes generated a return of at least 7%.

Source: Morningstar. **Equity** = S&P 500 TR. **Fixed Income** = Bloomberg U.S. Aggregate Bond Index TR. 80/20 portfolio = 80% S&P 500 TR and 20% Bloomberg U.S. Aggregate Bond Index TR. 70/30 portfolio = 70% S&P 500 TR and 30% Bloomberg U.S. Aggregate Bond Index TR. 60/40 portfolio = 60% S&P 500 TR and 40% Bloomberg U.S. Aggregate Bond Index TR. 40/60 portfolio = 40% S&P 500 TR and 60% Bloomberg U.S. Aggregate Bond Index TR. Rolling returns are annualized on a 1-, 10-, 20-, and 30-year basis and rounded to nearest whole number. Using monthly S&P 500 Total Return and Bloomberg U.S. Aggregate Bond Index Total Return data starting in January of 1976, summary return statistics were calculated based on the total number of rolling return periods existing for each given period of time with a one-month step. **Past performance is not indicative of future returns.**

Time in the market, not timing the market

Rolling returns, range of outcomes (1976 – 2023)



What is this chart showing?

This chart shows rolling returns of the S&P 500 Index, as well as an 80/20 and 60/40 portfolio of U.S. stocks and core bonds over 1-, 5-, 10-, 15-, 20-, 25- and 30-year periods.

Why is it important?

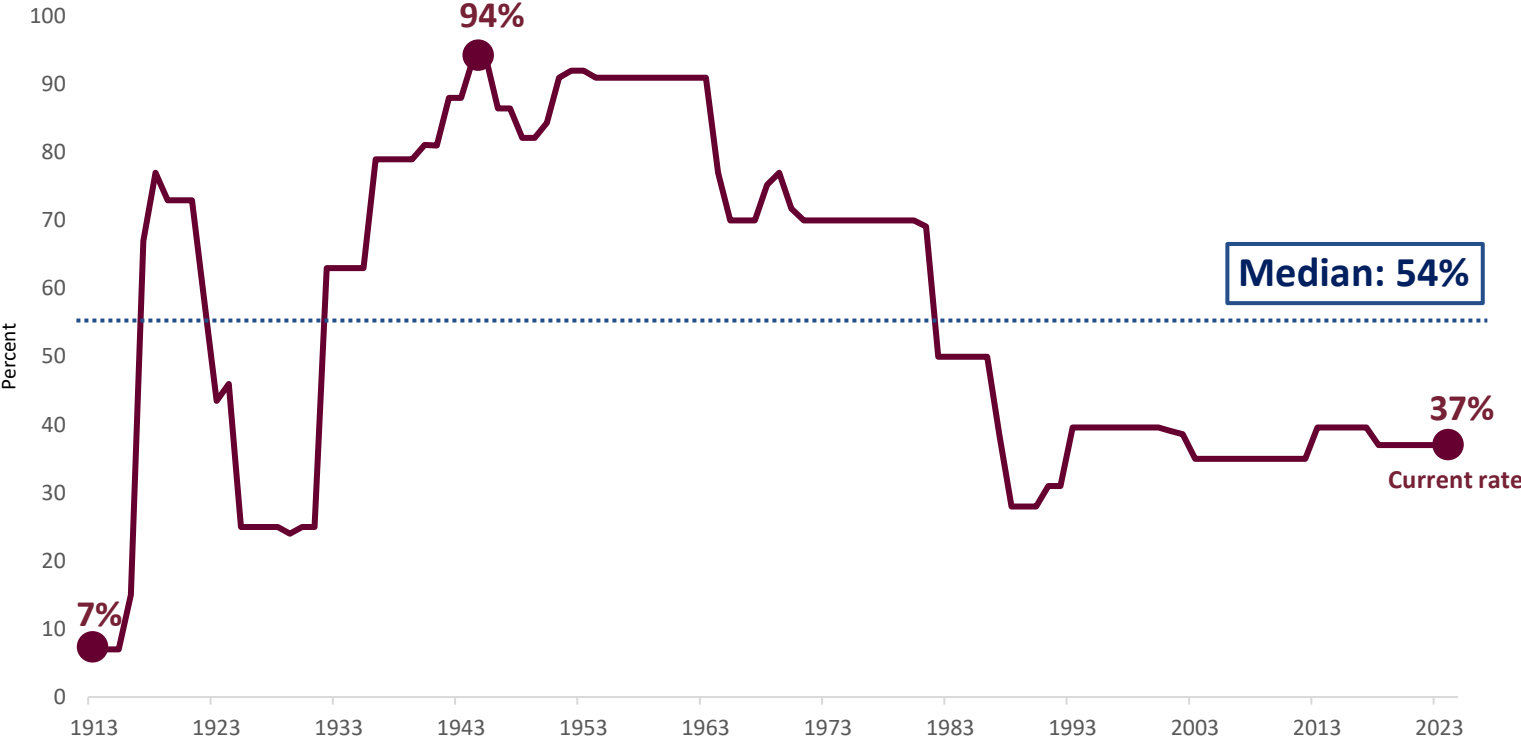
While returns can be volatile over short periods of time, staying the course over the long term in a balanced portfolio can help shrink the range of potential investment outcomes.

Source: Morningstar. 80/20 portfolio = 80% S&P 500 TR and 20% Bloomberg U.S. Aggregate Bond Index TR. 60/40 portfolio = 60% S&P 500 TR and 40% Bloomberg U.S. Aggregate Bond Index TR.

Rolling returns are annualized on a 5-, 10-, 15-, 20-, 25- and 30-year basis. Using monthly S&P 500 Total Return and Bloomberg U.S. Aggregate Bond Index data starting in January of 1976, summary return statistics were calculated based on the total number of rolling return periods existing for each given period of time with a one-month step. For each rolling return period, a range of returns (maximum and minimum) as well as the average return has been calculated to provide a historical reference for how equities and balanced portfolios have performed. Returns >1yr annualized. **Past performance is not indicative of future returns.**

Historical income tax rates

Top marginal individual federal tax rate



What is this chart showing?

This chart shows the historical top marginal individual federal tax rate over time, along with the long-term median.

Why is it important?

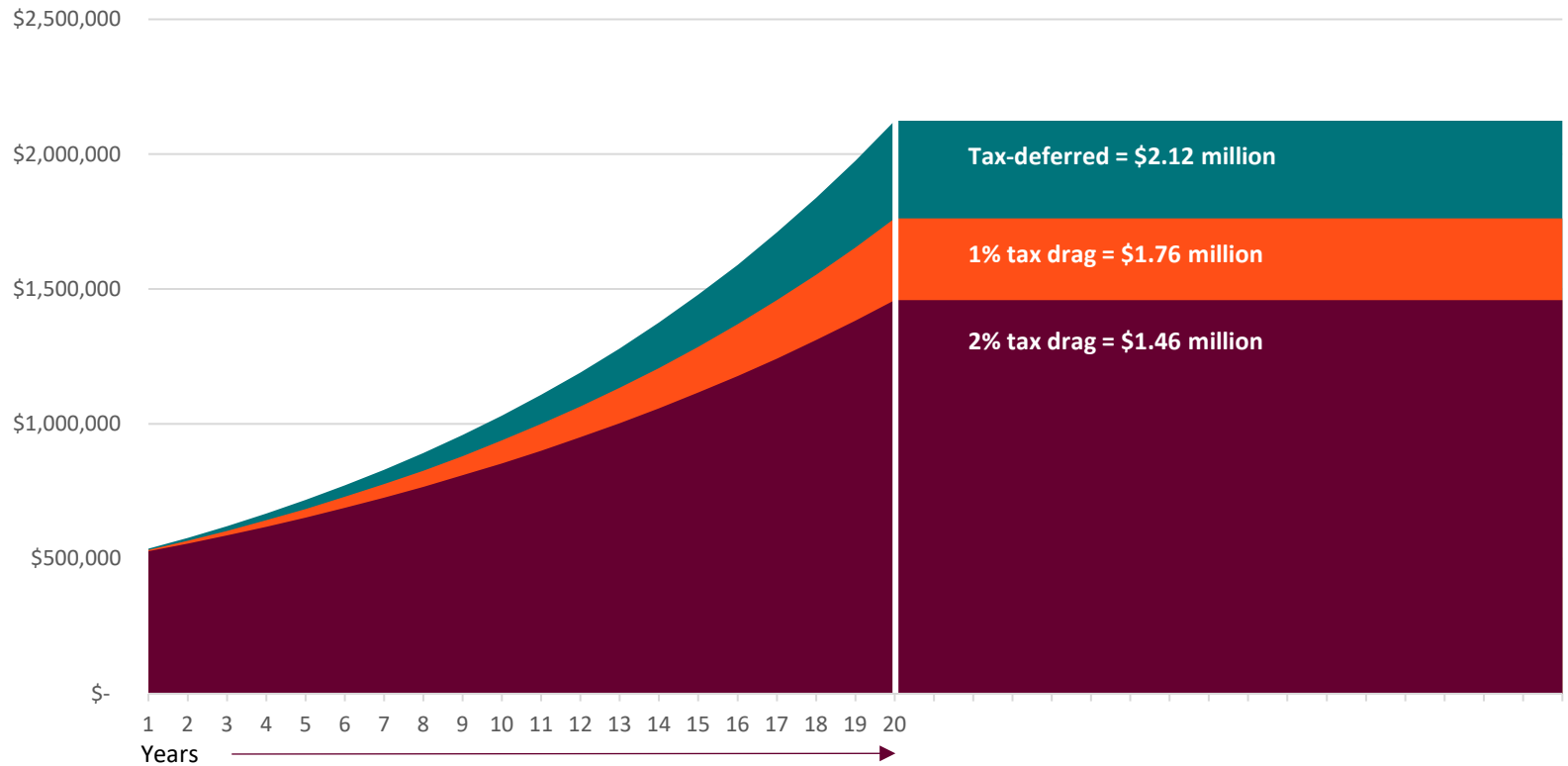
Today's income tax rates, especially for those in the top individual bracket, are relatively low compared to the median over the last 100+ years.

Investors may benefit from working with a tax professional to determine the most effective and appropriate tax planning strategies to meet their long-term goals.

Source: Federal Reserve Bank of St. Louis U.S. Individual Income Tax: Tax Rates for Regular Tax: Highest Bracket, Percent, Annual, Not Seasonally Adjusted for 1913 – 2018. Taxfoundation.org for years 2019 – 2024.

The benefits of tax deferral

Hypothetical growth of \$500,000 over 20 years at 7.5% per year, with 0%, 1% and 2% tax drag scenarios.



US equity

1.5%
Lost to taxes
each year¹

International equity

1.2%
Lost to taxes
each year¹

Fixed income

1.4%
Lost to taxes
each year¹



Every dollar paid in taxes is a dollar less invested for your long-term goals.

What is this chart showing?

This chart shows the financial impact that taxes can have on a portfolio over an extended period of time.

Why is it important?

Taxes can have a meaningful impact on the long-term growth of portfolios. Because of this, investors often benefit from considering strategies designed to improve their after-tax returns.

Note: This illustration is for hypothetical purposes only and may not represent an actual experience. Tax drag represents the reduction in portfolio returns due to taxes paid on distributions (stock dividends, bond dividends and capital gains). ¹Average 5yr tax cost ratio as of 9/30/24 for U.S. funds within the Morningstar categories of U.S. equity, international equity, and taxable bond. Source: Morningstar. Assumes that distributions are taxed at the highest federal tax-rate prevailing for each type of distribution, and the appropriate current or historical federal tax rate is applied to each distribution date. State and local taxes are ignored, as are the effects of AMT, exemptions, phase-out credits, or any individual specific issues.

Long-term care planning

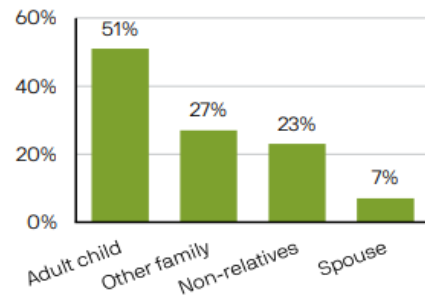
J.P.Morgan Asset Management

Family members and friends often provide unpaid eldercare – but it typically falls on adult children.

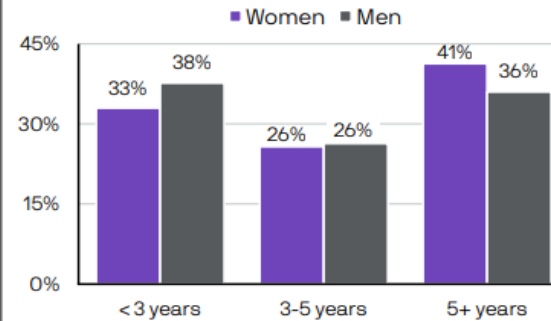
Duration of paid care varies, but when used, 36% of men and 41% of women need it for five years or more. The lifetime cost of care averages \$277,900 for women and \$200,400 for men, although there is a wide range of outcomes.

A care plan may help individuals avoid burdening others, ensure their family understands their wishes, and allow them to have more control over their care.

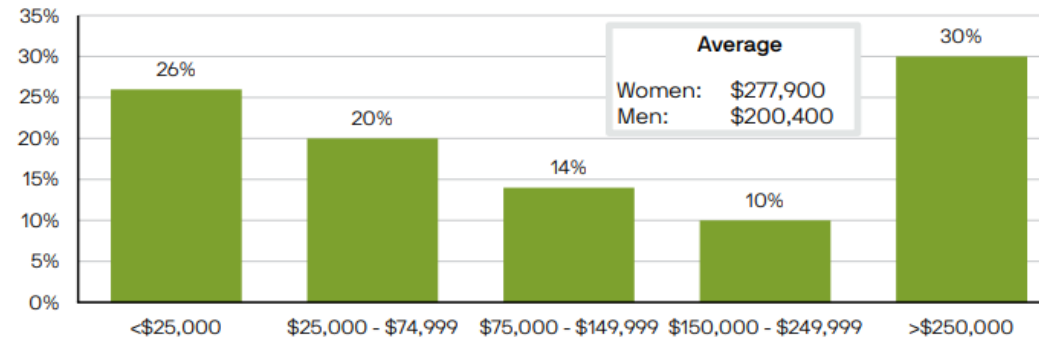
Providers of unpaid eldercare



Duration of paid care 65+ if paid care is used



Lifetime cost of care 65+ if paid care is used



Source: Long-term care includes needing help with two or more activities of daily living such as eating, dressing, bathing, transferring, and toileting or severe cognitive impairment. Average of cost is in 2020 dollars and includes all payors.

Source: U.S. Department of Health and Human Services, *APSE Brief*, August 2022, "Long-term Services and Supports for Older Americans," Risks and Financing, 2022; "Retirement Security, Some Parental and Spousal Caregivers Face Financial Risk," May 2019, Figure 1. Latest data available as of December 31, 2022.

Source: J.P. Morgan Asset Management, "Guide to Retirement," 2023.

Additional information

Index descriptions

S&P 500 Index is a market-cap weighted index that measures the performance of 500 widely held large capitalization stocks in the U.S. equity market. It is regarded as the best gauge of the U.S. equity market.

Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. It is a subset of the Russell 3000.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures equity market performance in large and mid cap representation across 27 emerging market countries.

MSCI EAFE Index is a free float-adjusted equity index that captures large and mid cap representation across 21 developed market countries, excluding the U.S. and Canada.

MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization index that captures large and mid cap representation across 23 developed markets and 27 emerging market countries.

Bloomberg Commodity Total Return Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (3-month) U.S. Treasury bills.

Bloomberg Barclays Global High Yield Index is a multicurrency flagship measure of the global high yield debt market. The index represents the union of the U.S. High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

The FTSE Nareit All Equity REITs Index is a free float-adjusted market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The Bloomberg Barclays U.S. Treasury Bills 1–3 Month Index includes all publicly issued zero coupon U.S. Treasury bills that have a remaining maturity of less than three months and at least one month, are rated investment-grade, are U.S.-dollar denominated, nonconvertible, and have \$300 million or more of outstanding face value.

University of Michigan (UoM) Inflation Expectations measures the percentage that consumers expect the price of goods and services to change during the next 12 months.

Capital market expectations

- BlackRock: <https://www.blackrock.com/institutions/en-us/insights/charts/capital-market-assumptions>, as of August 2024. 10-year return time period.
- J.P. Morgan Asset Management, 2024 Long Term Capital Market Assumptions: <https://am.jpmorgan.com/us/en/asset-management/adv/insights/portfolio-insights/lcma/>.
- StateStreet: <https://www.ssga.com/us/en/institutional/ic/insights/long-term-asset-class-forecasts-q3-2024>, as of Q3 2024. 10+ year return time period.
- Goldman Sachs: Goldman Sachs: US Q2 2024 Multi-Asset Solutions (MAS) Team Strategic Long-Term Assumptions. 10-year return time period, as of June 30, 2024. <https://visit.lfg.com/GSMAS>

Economic and market indicators

- Consumer sentiment based on month-end data, starting in Jan. 1978 to September 2024. +/- 1 std. deviation of historical value range from 98.03% to 71.52%.
- Economic expansion (CQOQ Index) based on QOQ % change data of quarterly data, starting in June 1947 to June 2024. +/- 1 std. deviation of historical value range from 7.74% to – 1.36%.
- Inflation (CPI) based on YOY % change of monthly CPI seasonally adjusted data, starting in Jan. 1947 to August 2024. +/- 1 std. deviation of historical value range from 7.01% to 0.47%.
- Market volatility (VIX) based on average daily closing values for the month of the CBOE VIX index from Jan. 1990 to September 2024. +/- 1 std. deviation of historical value range from 24.51% to 11.09%.
- Unemployment based on month-end data, starting in Jan. 1948 to August 2024. +/- 1 std. deviation of historical value range from 7.40% to 3.98%.
- 10Y U.S. Treasury yield based on daily data, starting in Jan. 1962 to September 2024. +/- 1 std. deviation of historical value range from 8.81% to 2.89%.



Your tomorrow.
Our priority.SM

Ready to reduce stress on your portfolio? Ask your financial professional how protected growth and income may help you feel more confident, no matter what the market does.

Visit LFG.com/marketinsights for more insights from Lincoln and our asset management partners.

Disclosure

The S&P 500[®] Price Return Index tracks the stock performance of 500 large U.S. companies. This is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates (“SPDJ”), and has been licensed for use by The Lincoln National Life Insurance Company. Standard & Poor’s[®], S&P[®] and S&P 500[®] are registered trademarks of Standard & Poor’s Financial Services LLC, a division of S&P Global (“S&P”); Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed for use by SPDJ and sublicensed for certain purposes by The Lincoln National Life Insurance Company.

The Russell 2000[®] Price Return Index measures the stock performance of 2,000 small U.S. companies. The Russell 2000[®] Price Return Index (the “Index”) is a trademark of Frank Russell Company (“Russell”) and has been licensed for use by The Lincoln National Life Insurance Company.

The MSCI EAFE Price Return Index follows the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

The views expressed are those of the select asset managers only and not necessarily of any Lincoln Financial[®] affiliate or the broker-dealer, or any affiliates. These views are not based on any particularized financial situation, or need, and are not intended to be, and should not be construed as, a forecast, research, investment advice or a recommendation for any specific strategy, product or service from any of the participating investment managers.

Primerica representatives are not financial or estate planners, or tax advisors. For related advice, individuals should consult an appropriately licensed professional.

Lincoln Financial Investments Corporation/LFI (formerly Lincoln Investment Advisors Corporation/LIAC) is the subsidiary of The Lincoln National Life Insurance Company responsible for analyzing and reviewing the investment options within Lincoln variable products, providing recommendations regarding these options to Lincoln senior management. LFI also serves as a Registered Investment Adviser, selecting asset managers and constructing model portfolios for use by financial professionals.

Important information:

Lincoln Financial[®] affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting, or legal advice. Please consult an independent professional as to any tax, accounting or legal statements made herein.

Affiliates include broker-dealer/distributor Lincoln Financial Distributors, Inc., Radnor, PA, and insurance company affiliates The Lincoln National Life Insurance Company, Fort Wayne, IN, and Lincoln Life & Annuity Company of New York, Syracuse, NY.

Lincoln Financial is the marketing name for Lincoln National Corporation and its affiliates, including The Lincoln National Life Insurance Company, Fort Wayne, IN, and Lincoln Life & Annuity Company of New York, Syracuse, NY. Variable products distributed by broker-dealer/affiliate Lincoln Financial Distributors, Inc., Radnor, PA. Securities and investment advisory services offered through other affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association

Lincoln Financial is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

Order code: FMM-CHART-BRC003
10/24 Z61
LincolnFinancial.com