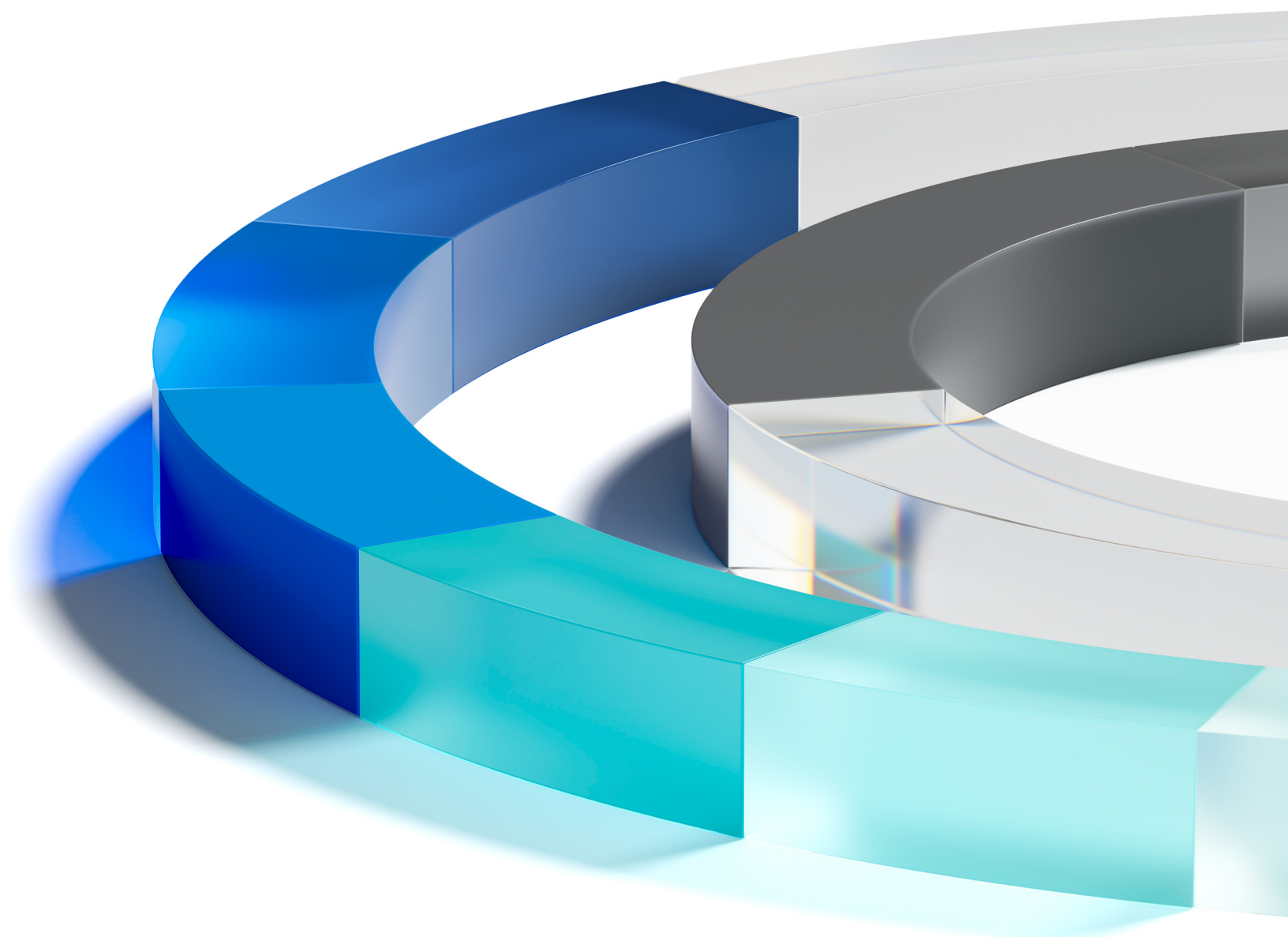


2026 Long-Term Capital Market Assumptions

30th Annual Edition

Analysis to guide portfolio planning



J.P.Morgan
ASSET MANAGEMENT

Foreword



George Gatch
Chief Executive Officer
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We are excited to share the 30th edition of J.P. Morgan Asset Management's Long-Term Capital Market Assumptions. For three decades, this publication has been a cornerstone of our commitment to providing clear, objective global forecasting, leveraging our experts' perspectives to help our clients achieve their financial goals.

This year's launch finds us in a world evolving in significant ways. Shifting economic landscapes, including the rise of economic nationalism and renewed fiscal engagement, are testing investors but also offering silver linings.

In our 30th edition, we've assembled the expertise of more than 100 industry-leading portfolio managers, research analysts and strategists worldwide to provide return and risk expectations for more than 200 assets and strategies in 20 base currencies. Many investors have come to rely on these assumptions to set their strategic asset allocation and to establish reasonable risk and return expectations for the coming 10 to 15 years.

In our view, the increasing deployment of technology will drive near-term profitability and long-term productivity. Public and private investment will support growth, but over the coming decade investors will need to account for inflation and rate shocks as well as economic (growth) shocks. Notably, our projections indicate that a balanced global portfolio stands to benefit from these evolving trends, with ample opportunities to strengthen portfolio resilience. We also see a broader set of possibilities for skilled active managers than perhaps ever before, in public and private asset markets.

Successful investing isn't about predicting tomorrow's headlines. It's about intentional decision-making tied to the outcomes you'd like to achieve for you and those you care most about. Our Long-Term Capital Market Assumptions can guide your thinking and offer a disciplined framework for evaluating risk, return and time horizon. We use the assumptions as the backbone of our Wealth Plan and Goals-Based Analyses to build and stress-test client portfolios on an ongoing basis.

Thirty years of market history have taught us that the future rarely unfolds exactly as expected. But those who plan thoughtfully, invest consistently and remain resolute achieve their most important financial goals. Let these assumptions guide your planning, but let your goals drive your commitment to the remarkable wealth-building power of patient, disciplined investing.

On behalf of everyone at J.P. Morgan Asset & Wealth Management, thank you for your continued trust and partnership.



George Gatch
Chief Executive Officer
J.P. Morgan Asset Management



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Shifting landscapes and silver linings

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In brief

- In the 30th edition of our Long-Term Capital Market Assumptions (LTCMAs), we explore how shifting economic landscapes, marked by rising economic nationalism and fiscal activism, create both challenges and silver linings for investors.
- Labor constraints weigh on U.S. trend growth, modestly narrowing the U.S. vs. rest of world growth advantage, but do not preclude cyclical economic strength or solid asset returns. We expect investment to be front-loaded and believe technology adoption will provide a near-term boost to profits and a longer-term boost to productivity.
- Even after a year of strong equity market gains, asset returns hold up. Profitability offsets valuations for global stocks and higher term risk premia push up bond return forecasts.
- We have high conviction in the profitability of U.S. corporates but acknowledge the impact of high valuations and a weakening dollar. Currency provides a tailwind to international stocks for USD-based investors and renews the focus on FX hedging for non-USD-based investors. Global stocks roughly double over our forecast horizon, given strong investment and resilient profits.
- Higher inflation volatility is a feature of our economic outlook and pushes up our forecasted returns for high quality bonds. Given higher starting yields and steeper curves, we project the best outlook for intermediate treasuries since the global financial crisis. Credit holds up, with better riskless returns offsetting tight spreads.
- As the investment cycle picks up, so, too, does the scope to harvest alpha. Private financial assets and hedge funds are well placed to benefit, while real assets offer compelling returns, given rising inflation volatility.
- The economic landscape is shifting palpably. But, in our view, much of what worries investors today will ultimately pale beside the silver linings we see breaking through over the long run.

This year marks the 30th edition of our Long-Term Capital Market Assumptions (LTCMAs). The last 30 years brought the internet, the dot-com bubble, the birth of the euro, the ascent of China, the global financial crisis (GFC), quantitative easing (QE), the pandemic and the dawn of artificial intelligence (AI). Over this journey, global bonds annualized total returns of 4.3% each year, and global stocks 8.3%.

Such strong market performance, despite periodic shocks, commands attention as we consider how the global economy may evolve in the next decade. Economies and markets have a way of adapting to change and adversity over the long run – potentially creating new secular trends. For this reason, we title this year's edition "Shifting landscapes and silver linings."

We believe the healthier foundations to the global economy described in last year's edition,¹ such as robust corporate balance sheets and greater willingness to invest, remain in play. Still, recent political events are shifting the landscape, with a trend toward economic nationalism and increasing barriers imposed on trade and migration. All else equal, these trends potentially constrain global growth, but they are also quickly galvanizing offsetting positive forces – creating silver linings. Two of these forces were already a feature of our projections last year, but this adversity is accelerating the themes we highlighted.

First, trade uncertainty and slowing globalization mean surplus countries have no choice but to invest locally to boost their economies. Fiscal activism – a theme central to our projections last year – has been turbocharged.

Second, a less abundant labor supply as populations age and migration slows will force companies to turn to technological solutions to maintain both production levels and profit margins.² This will in turn accelerate the adoption of AI and other technologies.

Accounting for these silver linings over our 10- to 15-year forecast horizon, global growth holds up even as we project a modest erosion of the U.S. vs. rest of world (RoW) growth advantage. Greater reliance on fiscal policy inevitably stokes deficit fears, but this will likely manifest mainly in steeper yield curves and higher term-risk premia – in turn boosting bond returns.

Strong year-to-date equity returns mean higher starting valuations for stocks.³ Nevertheless, with capex and fiscal spending rising, and margins resilient, our return forecasts for global equities are little changed from last year.

Economic nationalism trims growth in some regions, boosts fiscal response in others

Some assume that the shift toward more nationalistic economic policies, most evident in the U.S., might weigh heavily on global trend growth. Trade frictions tend to reduce productivity over time, as international competition spurs both knowledge transfer and innovation.

But tighter immigration control may well exert a greater drag on growth, and it is a feature that we expect to endure in many regions beyond any single administration. Many economies are suffering from decades of declining fertility rates, which are limiting population growth. Higher rates of inward migration might have both supported growth and eased the fiscal pressures that societies with aging populations bear. However, this economic solution faces political challenges, with migration increasingly proving pivotal in shaping electoral outcomes.

But two positive developments come into play. In the face of trade hostility, regions that relied on others to buy their exports are forced to generate greater domestic demand. Goods-exporting nations such as Germany and Japan have little option but to deploy policies to stimulate domestic consumption and investment, potentially redistributing demand geographically; China, too, may yet need to follow similar policies to boost domestic demand.

In addition, the market inefficiencies arising from trade friction are forcing firms to invest in new technologies in response to scarcer labor and natural resources. Accounting for offsetting forces, our global growth forecast is unchanged at 2.5%. However, in a redistribution of growth, the U.S. forecast falls by 20 basis points (bps), to 1.8% (**Exhibit 1**), while expected growth rises in other regions.

¹ The 2025 Long-Term Capital Market Assumptions explored how higher starting valuations and yields reflected an increasing optimism that the low investment, low inflation and low growth era of the 2010s is behind us.

² Given profit-maximizing incentive for firms, as the labor supply tightens and the marginal cost of wages goes up, the return on investment in technology increases, all else equal.

³ MSCI ACWI forward P/E rose from 18.0x on September 30, 2024 to 19.3x on September 30, 2025.

We acknowledge that a rebalancing of global demand could prove disruptive. Economic nationalism that accelerates investment in productivity-enhancing technology could create or exacerbate political strains. The sections of society most supportive of protectionism and least supportive of migration are often those that also feel left behind by technological advances.

This tension between technological advancement and political regression is a source of economic volatility that may push up the cost of capital and increase the risk of capital misallocation over our forecast horizon.

In today's deeply interconnected global economy, policies that lurch quickly toward economic nationalism may precipitate episodes of acute volatility. In such cases, inflation may act as a brake, forcing governments to soften policies that push too far or too fast toward isolationism.

Our 2026 assumptions see mostly steady growth and modestly higher inflation

Exhibit 1: 2026 long-term capital market macroeconomic assumptions (% annual average)

	Real GDP			Inflation				Real GDP			Inflation		
	2026	2025	Change*	2026	2025	Change		2026	2025	Change*	2026	2025	Change
Developed markets	1.7	1.7	0.0	2.3	2.2	0.1	Emerging markets	3.7	3.6	0.1	3.0	3.2	-0.2
United States	1.8	2.0	-0.2	2.5	2.4	0.1	China	3.6	3.6	0.0	1.6	2.1	-0.5
Euro area	1.5	1.4	0.1	2.0	2.0	0.0	India	5.9	5.9	0.0	4.5	4.5	0.0
Japan	0.9	0.9	0.0	1.7	1.5	0.2	Brazil	2.1	2.1	0.0	4.7	4.4	0.3
United Kingdom	1.5	1.5	0.0	2.2	2.2	0.0	Korea	2.1	2.1	0.0	1.9	2.0	-0.1
Australia	2.2	2.3	-0.1	2.7	2.6	0.1	Taiwan	1.8	1.8	0.0	1.5	1.5	0.0
Canada	1.7	1.8	-0.1	2.2	2.2	0.0	Mexico	2.1	2.2	-0.1	3.9	3.7	0.2
Sweden	2.1	2.1	0.0	2.2	2.2	0.0	South Africa	2.1	2.1	0.0	4.9	5.4	-0.5
Switzerland	1.6	1.5	0.1	1.2	1.3	-0.1	Turkey	3.1	3.1	0.0	13.3	13.6	-0.3

Source: J.P. Morgan Asset Management; estimates as of September 30, 2025. Composite GDP and inflation numbers for developed markets, emerging markets and global aggregates are calculated by assigning weights to individual economies proportional to projected nominal GDP over the forecast horizon. This year, we remove Russia from our LTCMA assumptions, and thus show EM and Global composite GDP and inflation numbers excluding Russia for both 2025 and 2026. * Change represents the change calculated from rounded 2026 and 2025 estimates. Due to these rounding conventions, there may be some minor discrepancies for users accessing the unrounded data.

Fiscal activism and corporate investment

Fiscal activism⁴ – a theme central to our forecasts since the pandemic – moves further into the forefront of the current economic landscape. The pandemic, together with a general weariness of austerity, particularly in Europe, started in the early 2020s to reverse a decade of fiscal retrenchment. 2025 brought a notable upward inflection in fiscal activism. We expect it will drive economic momentum over the next few years and leave a lasting impression on risk premia and asset returns over the next decade.

As governments increase their spending commitments, we expect corporations to follow suit. History suggests that government spending is more likely to attract private investment than crowd it out. Given the estimated USD 4.6 trillion of cash⁵ on the balance sheets of large firms globally, an acceleration in fiscal spending and capex supports both our growth forecasts and projections for company profits.

In the U.S., fiscal spending remains elevated, and well-publicized efforts to slash government spending have delivered little so far.⁶ New tax cuts are largely an extension of existing policy and look to be mainly funded by anticipated import duties, acting therefore as a capital transfer rather than a true boost to growth. Thus, we do not expect fiscal policy to fully offset the downgrades to U.S. growth that come from lower labor force growth due to demographic changes and immigration policies.

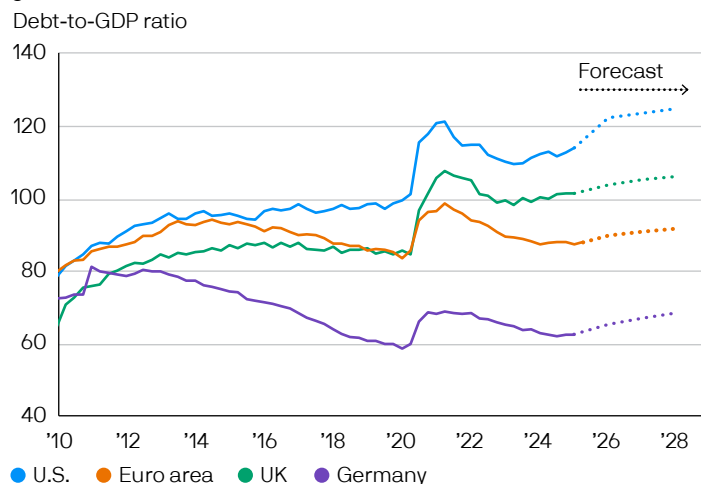
In the euro area, the speed and scale of fiscal activism have been remarkable. Last year, European fiscal activism prompted us to upgrade our European growth forecasts. But this year, European Union (EU) policymakers threw off their self-imposed fiscal shackles – particularly Germany's "debt brake" policy⁷ – as governments urgently sought to generate domestic demand and fund regional defense.

A meaningful fiscal package in Germany, higher EU defense investment and a significant unspent war chest from the NextGen fund will push EU fiscal commitments sharply higher in the next few years. As a result, we once again upgrade our growth outlook for the euro area, raising our forecast to 1.5%. In a region beset by unfavorable demographics, and increasingly hesitant over immigration, this uplift in trend growth is significant. It halves the U.S.-Europe growth differential, from 60bps to 30bps.

In other regions, too, we expect that fiscal activism will feature strongly, whether through direct government investment or further incentives for corporate capex. While higher investment has the potential to support growth, it is not without its risks – particularly for already indebted regions. While debt-to-GDP projections do not account for any GDP boost that may arise from higher investment (**Exhibit 2**), fiscal activism clearly raises concerns about debt sustainability.

Fiscal commitments push up debt-to-GDP across the globe, but some regions have more fiscal space than others

Exhibit 2: Debt-to-GDP trajectories of major economies, given fiscal commitments



Source: Bank for International Settlements, Eurostat, IMF, LSEG Datastream, J.P. Morgan Asset Management; data as of August 31, 2025. Debt refers to gross debt at face value. Dotted lines represent IMF forecasts.

⁴ We define fiscal activism as a willingness for governments to use fiscal tools such as taxes and investment spending to stimulate the economy.

⁵ Source: FactSet, aggregate cash in MSCI ACWI index; data as of August 2025, based on MSCI ACWI.

⁶ Through July, Politico estimated contract savings of around USD 1.4 billion, not including savings from personnel cuts that were made along with other "rescissions," which we estimate at USD 45 billion; the Department of Government Efficiency (DOGE) initially targeted USD 2 trillion.

⁷ Germany's Schuldenbremse (debt brake) was a constitutional rule limiting the federal structural budget deficit in normal times to 0.35% of GDP annually and generally prohibiting state-level borrowing. The debt brake was rescinded in 1Q 2025 by the outgoing administration.

Higher debt and deficit levels will manifest themselves mostly through higher term-risk premia and currency adjustments. Our cycle-neutral yield forecast for the 10-year U.S. Treasury (UST) moves up 20bps this year, to 4.1%, with the term premium between cash and the 10-year increasing 10bps, to 120bps. As a result, our return forecast for the 10-year UST rises 40bps, to 4.6% (**Exhibit 3A**).

We expect higher term-risk premia and stronger bond returns across developed nations. The average Sharpe ratios over our full investment horizon rise meaningfully, especially for long-maturity bonds. Still, we are mindful that realized risk-adjusted returns could vary significantly from one year to the next, given our expectations of elevated inflation volatility. Investors relying on bonds alone to hedge portfolio risks would be prudent to consider inflation hedges as well as growth hedges in their asset mix.

Ongoing inflation volatility and a shrinking U.S.-RoW growth advantage also weigh on the dollar. For some time, we have viewed USD as overvalued. While the greenback has fallen significantly in 2025, we believe it remains about 10% overvalued in trade-weighted terms (**Exhibit 3B**). To be clear, we do not think that a softer dollar signals a reversal of U.S. exceptionalism. Instead, we anticipate a gradual decline in USD as global capital moves steadily to take advantage of more geographically dispersed opportunities.

The dollar is set to weaken further, with JPY and CNY having the greatest scope to appreciate

Exhibit 3B: Key 2026 LTCMA currency assumptions

	Current spot	Terminal spot forecast (10–15 years out)			
		2026	2025	Change	Change %
AUD*	0.6588	0.70	0.71	-0.01	-0.7%
BRL	5.3342	6.50	6.66	-0.16	-2.4%
CAD	1.3934	1.24	1.18	0.06	5.1%
CHF*	1.2502	1.36	1.31	0.05	3.8%
CNY	7.1224	5.46	6.05	-0.59	-9.8%
EUR*	1.1644	1.26	1.29	-0.03	-2.3%
GBP*	1.3429	1.45	1.48	-0.03	-2.0%
JPY	152.38	118.34	113.52	4.82	4.3%
MXN	18.36	24.20	28.00	-3.80	-13.6%
SEK	9.4150	8.19	8.41	-0.22	-2.6%

Source: J.P. Morgan Asset Management; estimates as of September 30, 2024 and August 2025. * USD as base currency except where indicated (*).

The combination of trade friction and fiscal dominance has inflationary undertones. This will likely drive persistent demand for inflation-resistant assets, such as gold, real estate, infrastructure and transportation. Although gold prices surged over 45% in 2025, persistent inflation volatility and increasing demand from both investors and central banks point to further upside. We forecast annual returns of 5.5% for gold, up 100bps from last year.

Fixed income returns pick up, given higher starting yields and an increase in term-risk premia that reflects higher inflation volatility

Exhibit 3A: Fixed income returns table

	USD		GBP		EUR		JPY	
	Cycle-neutral yield (%) / spread (bps)	2026 expected return	Cycle-neutral yield (%) / spread (bps)	2026 expected return	Cycle-neutral yield (%) / spread (bps)	2026 expected return	Cycle-neutral yield (%) / spread (bps)	2026 expected return
2026 assumptions								
Inflation	2.5%		2.2%		2.0%		1.7%	
Cash	2.9%	3.1%	2.5%	2.7%	2.3%	2.3%	1.6%	1.4%
10-year bond	4.1%	4.6%	3.5%	4.8%	3.4%	4.0%	2.3%	2.1%
Long Bond Index*	4.5%	5.2%	3.6%	6.3%	3.7%	4.8%	2.6%	3.8%
Investment grade credit	5.5%/150bps	5.2%	5.1%/175bps	5.3%	4.5%/145bps	4.0%	2.8%/75bps	2.4%
High yield	8.3%/475bps	6.1%			6.9%/395bps	5.3%		
Emerging market debt**	7.8%/380bps	6.3%						

Source: J.P. Morgan Asset Management; estimates as of September 30, 2025. * EUR: 15y+ index; JPY: JGB Bond Index; GBP: 15y+ index; USD: 20y+ index. ** EMD hard currency debt.

Real estate returns rise 10bps for core U.S. and 30bps for core Asia but dip 70bps in core Europe. Higher riskless rates constrain exit valuations, but in general the asset class benefits from attractive starting yields and better financing costs. Long-term lease agreements hedge against interest rate volatility, while the positive gearing of real estate to inflation provides a compelling means of

building greater robustness into multi-asset portfolios (**Exhibit 4**). We also note that even with Sharpe ratios for high quality fixed income improving this year, assets such as real estate, infrastructure and transportation continue to offer investors very compelling risk-adjusted returns that sit well above those for public market assets.

Our 2026 return expectations for real assets and financial alternatives reflect both shifting landscapes and silver linings

Exhibit 4: LTCMA expected returns (leveraged,* net of fees, %), 2026 vs. 2025

Real assets	2026	2025	Financial alternatives	2026	2025
Private real estate equity (USD)			Private equity (USD)[†]		
U.S. core	8.2	8.1	Cap-weighted composite	10.2	9.9
U.S. value-added	10.1	10.1	Private equity - small cap	10.1	10.1
European core	6.9	7.6	Private equity - mid cap	9.9	9.8
European value-added	9.0	9.7	Private equity - large/mega cap	10.2	9.8
Asia-Pacific core	8.4	8.1	Private debt (USD)		
REITs (USD)			Direct lending	7.7	8.2
U.S. REITs	8.8	8.0	Venture capital (USD)		
European REITs	6.7	8.7	Venture capital	8.5	8.8
Asia-Pacific REITs	8.1	7.8	Hedge funds (USD)		
Global REITs**	8.7	8.0	Equity long bias	5.5	5.0
Commercial mortgage loans (USD)			Event-driven	5.2	4.9
U.S.	6.2	6.4	Relative value	5.7	5.0
Global infrastructure (USD)			Macro	4.1	3.8
Core	6.5	6.3	Diversified ^{††}	5.3	4.9
Global transport (USD)			Conservative [‡]	4.0	3.4
Core	7.9	7.8			
Global timberland (USD)					
Global timberland	6.3	5.3			
Commodities (USD)[°]					
Commodities	4.6	4.3			
Gold	5.5	4.5			

Source: J.P. Morgan Asset Management; estimates as of September 30, 2024 and September 30, 2025.

* All return assumptions incorporate leverage, except for commodities, where it does not apply.

** The global composite is built assuming the following weights: roughly 70% U.S., 10% Europe and 20% Asia-Pacific.

° The 2026 commodity projections do not account for execution/management fees consistent with a passive benchmark.

† The private equity composite is AUM-weighted: 65% large cap and mega cap, 25% mid cap and 10% small cap. Capitalization size categories refer to the size of the asset pool, which has a direct correlation to the size of companies acquired, except in the case of mega cap.

†† The Diversified assumption represents the projected return for multi-strategy hedge funds.

‡ The Conservative assumption represents the projected return for multi-strategy hedge funds that seek to achieve consistent returns and low overall portfolio volatility by primarily investing in lower volatility strategies such as equity market neutral and fixed income arbitrage. The 2026 Conservative assumption uses a 0.70 beta to Diversified.

On balance, we see the increase in fiscal activism as a positive force. Nevertheless, aside from the potential inflationary impact, we are mindful of two further risks: capital misallocation and constrained national budgets.

Pressure on public finances – alongside the incentive to develop national champions in fields like technology – will likely nudge governments to enact policies that encourage the private sector to do the investing for them, either through the tax code or through co-investment. Involving the corporate sector not only addresses questions of whether governments can be trusted to direct investment wisely, but it also brings in another source of capital.

Governments are particularly focused on how they can support companies that are leading technological advancement. Despite lack of consensus in Washington, there is momentum toward some form of industrial policy – for example, subsidies for key industries such as semiconductors recently enhanced in tax legislation. In both the U.S. and China, policymakers have zeroed in on “winning the AI race.” In Europe, governments continue to concentrate on the potential for energy-saving technologies.

Although the pace at which corporate capex is accelerating has not yet matched the jump in fiscal commitments, we see signs that it is picking up. Research and development capitalization and domestic manufacturing incentives⁸ in the U.S., and over €600 billion in investment commitments from the German corporate sector,⁹ are, in our view, just the start of a powerful corporate capex wave.

The race for technology supremacy moves from adoption to deployment

Government incentives for capex are neither a new economic tactic nor the only reason for firms to boost investment today. There are many examples of capex incentives, from Canada’s Accelerated Capital Cost Allowance for Clean Tech¹⁰ in 2018, to India’s Production Linked Incentive Scheme¹¹ in 2020, to the UK’s Super-Deduction for Plant and Machinery¹² in 2021. Programs like these boosted capex and supported the investment component of GDP.

Aside from schemes that governments dream up to incentivize capex, technology adoption remains by far the strongest force driving corporate investment today. The fear of losing out to competitors focuses CEOs’ minds like little else. Former IBM CEO Ginni Rometty captured the sentiment: “Artificial Intelligence will not replace humans, but those who use AI will replace those who don’t.” Put differently: If your firm is not at the cutting edge of deploying AI, somebody else’s is.

In our view, we are still early in the AI adoption cycle. Companies are making investments, and the U.S. tech giants are today’s chief beneficiaries. The U.S. looks likely to remain the global leader in technology origination. While China has a burgeoning tech sector, we believe that geopolitical rivalries and security concerns will reinforce the competitive moat for U.S. tech firms throughout our 10- to 15-year forecast horizon.

But as we move from tech adoption (where innovations gain traction) to widespread tech deployment (where innovations are widely used in business) the pattern will evolve. Earnings from firms that provide the technologies will ultimately normalize, while cost savings and new revenue streams in other sectors that leverage the technology will begin to accrue. If history is a guide – based on the experience of the adoption of the mainframe in the 1970s – the process will play out over the next decade. But the timeline could compress if the pace of AI innovation continues to accelerate.¹³

In equity markets, we expect the AI theme to manifest in profit margin resilience.¹⁴ In the early part of our forecast horizon, we think tech leaders will maintain their current supersized margins. But these will likely normalize later in our forecast horizon as deployment of AI enables new winners in other sectors to emerge. So, despite a rally in stocks this year and a lower U.S. growth forecast, our optimism over investment spending and technology adoption leaves our U.S. equity forecast unchanged at 6.7%. And as the move from tech adoption to tech deployment broadens to other sectors, concerns over index concentration are expected to dissipate.

⁸ Within the recent One Big Beautiful Bill Act in the U.S., we estimate that tax incentives for R&D and domestic manufacturing amount to approximately USD 700 billion.

⁹ In July 2025, 61 German firms committed to invest €631 billion in an initiative called “Made for Germany.”

¹⁰ Canada introduced temporary enhanced write-offs for clean energy equipment in 2018, allowing assets to be fully expensed in the first year.

¹¹ India launched the USD 26 billion production-linked incentive scheme in 2020 initially to boost mobile phone and API production, before it was expanded to key strategic sectors, including pharmaceuticals, autos and renewables.

¹² Running from 2021 to 2023 allowed firms investing in new and unused plants and machinery to claim a 130% first-year allowance in lieu of the usual writing down allowance.

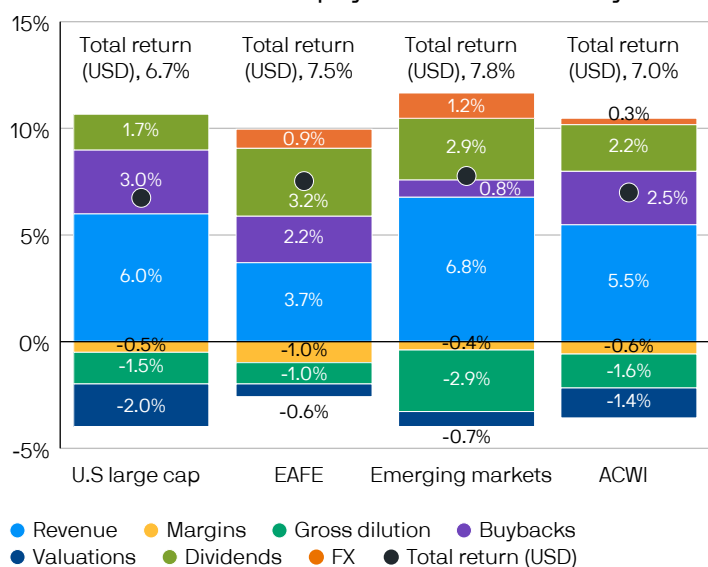
¹³ See Michael Albrecht and Stephanie Aliaga, “The transformative power of generative AI,” J.P. Morgan Asset Management, September 2023.

¹⁴ See Tim Lintern, Sean Daly, Michael Feser, et al., “Resilient profits, higher yields,” *2026 Long-Term Capital Market Assumptions*, J.P. Morgan Asset Management.

Our global equity forecasts dip slightly this year, with our MSCI ACWI forecast declining 10bps to 7.0% in USD terms. The appreciation of USD and multiple expansion this year push developed market forecasts down. Still, the return forecasts continue to be supported by balance sheet resilience and attractive dividends. In local currency terms emerging market (EM) forecasts dip modestly after a strong performance in 2025. But a better outlook for some EM currencies, notably CNY, boosts EM returns in USD by 60bps, to 7.8% (**Exhibit 5**).

A better revenue and margin outlook balances richer multiples, giving support to our equity forecasts despite the rally in 2025

Exhibit 5: Contributions to equity return forecasts for key indices



Source: Bloomberg, FactSet, J.P. Morgan Asset Management forecasts; data as of September 30, 2025.

For investors, the message is clear: U.S. equities continue to offer the clearest exposure to technology adoption and hence remain the core of equity portfolios. But the return pickup available in other regions – together with the likely transition from technology adoption to technology deployment in the next decade – supports international diversification.

This transition will have implications for private asset markets. Private equity (PE) and private credit have technology sector exposures of 36% and 25%, respectively. As primary market activity increases in the latter part of the current business cycle, we expect the PE industry to start to recycle USD 2.7 trillion of dry powder into new investments.

The investment opportunities available in tech deployment support alpha trends for private capital. However, investors confront an offsetting force – the opening of private markets to new sources of capital through secondaries and other vehicles. As more capital moves into private markets, it likely depresses the median manager's alpha over time, making the alpha capture from top-quartile managers an ever more important component of PE returns.

The seismic changes wrought by tech deployment on business practices will also create winners and losers across publicly traded stocks and credits. Competition for capital, together with disruption across many sectors, makes a fertile ground for active alpha. Hedge funds stand to be significant beneficiaries of these trends, and we raise our median manager return forecasts by between 30bps and 70bps across the various hedge fund strategies this year.

Portfolio resilience in a shifting landscape

Technology deployment remains our greatest source of optimism over the next 10 to 15 years. Equally, though, it can be a destabilizing force in a more febrile policy environment. Investment in technology supports growth in the near term through the investment channel and in the long term through productivity enhancement. At the same time, increased productivity risks leaving parts of society behind as the rewards accrue more to capital than to labor. Nevertheless, as labor force growth slows across the world or even turns negative, a focus on productivity is essential to maintain growth.

Disenfranchised pockets of society and the echo chambers now available via social media will remain breeding grounds for discontent answered, opportunistically, by populists. This polarization creates economic uncertainty and stokes economic nationalism. We see these forces completing a certain circularity among protectionism, fiscal activism and technological advance. This is driving convergence in GDP growth rates between the U.S. and other developed markets, but equally increases inflation volatility.

We expect the next 10 to 15 years to mark a period of significant change among sectors, across geographies and within companies. Historically, such conditions have tended to favor those able to allocate capital globally and actively, and across a wide opportunity set of assets.

Key risks to an optimistic view include erosion of institutional credibility and misallocation of capital (**Exhibit 7**, page 15). Institutional credibility is the cornerstone for reserve assets, and although we expect developed market central banks to remain powerful economic forces, we acknowledge that their independence may have passed its high-water mark. With investment rising, there is risk of misallocation – if investment stokes demand instead of building supply, it risks fueling higher inflation rather than better trend growth. To manage these risks, portfolio construction in the next decade will need to account for inflation and rate shocks, as well as economic (growth) shocks.

While we are acutely aware of the economic downside of protectionism and isolationism, we see some silver linings. The sheer scale of investment from governments and companies alike is a powerful offset to an aging workforce and increased trade frictions. Our return forecasts embed a continuation of a degree of U.S. exceptionalism. Leadership in technology and deep R&D

capability across industries support U.S. equities despite high valuations. However, shifting trade policy weighs further on an already declining dollar. For U.S. investors, this may renew impetus for international diversification, while non-USD based investors may need to revisit FX hedging decisions.

Risk-adjusted returns for equities pick up for U.S. and emerging markets but dip for developed markets ex-U.S. Persistently elevated inflation has translated to steeper curves and higher term-risk premia. As a result, ex ante Sharpe ratios for high quality bonds are up meaningfully. Nevertheless, this rise merely brings bond Sharpe ratios closer to their long-run average as the low yield world of the 2010s fades further into the rearview mirror (**Exhibits 6A and 6B**).

In sum: Investors of all risk tolerances can find a wide range of options for designing portfolios that are resilient to the shifting landscape and, at the same time, able to capture the silver linings that lie ahead in the coming decade.

Risk-adjusted returns for high quality bonds improve, given higher starting yields and steeper curves, but Sharpe ratios for real assets continue to lead the pack

Exhibit 6A: Sharpe ratios

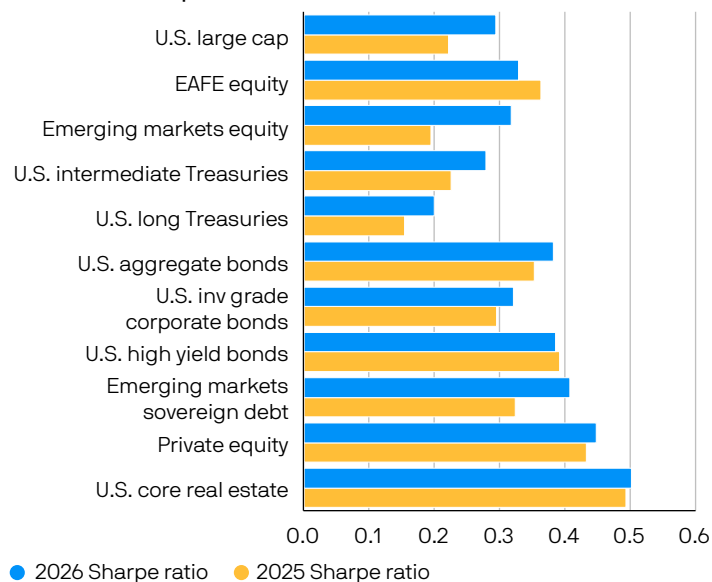
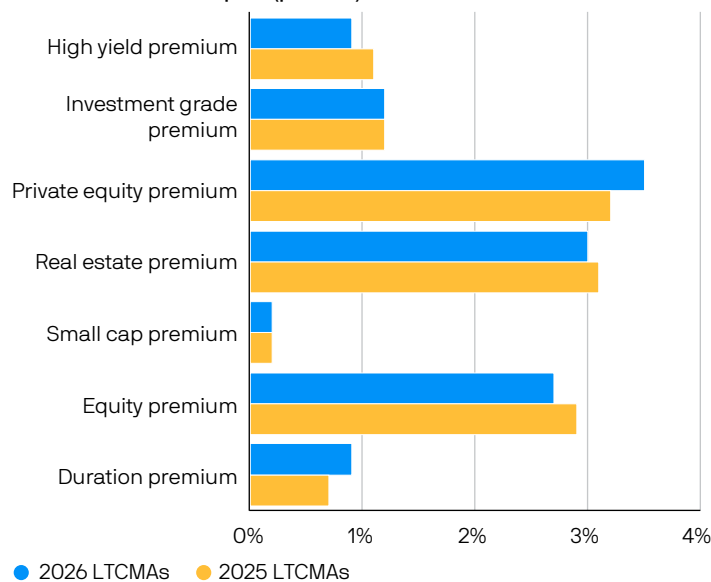


Exhibit 6B: Return uplift (premia)



Source: J.P. Morgan Asset Management; data as of September 30, 2025.

Over our 10- to 15-year horizon, we look through some of the cyclical risks and instead home in on risks that might alter trend growth or inflation, or leave a lasting imprint on long-term asset returns

Exhibit 7: Key structural risks affecting our long-term forecasts and asset return assumptions

Risk	Upside or downside?	Description	Macro or asset class implications
Deficit concerns prompt a return to fiscal austerity	Downside	Governments pull back from investment spending and cut current spending to manage deficits	Global trend growth is lower; term risk premia decline as yield curves bull flatten; cyclical and value styles lag
Regional conflicts extend or spill over, pulling in NATO or China	Downside	Russia-Ukraine invasion, Middle East war or other conflicts deepen or broaden and suck in superpowers	Short-run supply shock stokes higher inflation, longer-run drag on trend growth if conflicts persist; risk of stagflation; generally risk-off but supports commodities
Renewed U.S.-China tension in trade, rivalry in tech and finance	Downside	Trade restrictions extend from chips to cloud/finance, supply chain duplication. More punitive anti-trade measures	Introduces inefficiencies into the supply chain; increases risk of capital misallocation; inflationary at the margin and a headwind to tech
U.S. debt stress/technical default	Downside	Political brinkmanship leads to an impasse over government budgets that spills over into missed debt payments	Term premium spikes initially, but likely weakness in equities and other risk assets potentially sees bonds recover; USD softer vs. other safe havens
Rapid replacement of USD as global reserve currency	Downside	Central banks shift marginal reserves away from USD toward other currencies or nontraditional assets like crypto	USD down, U.S. bonds sell off and rate vol up sharply as investors reprice deficit risk. Meaningful growth drag if government spending slashed
Acceleration of adoption of renewables	Upside	Likely concentrated in Europe: Faster deployment of grids, storage, EVs, etc. leads to full energy independence	Capex boom initially, energy costs fall as renewables hit scale economies; longer-term, supports energy-intensive industries and real assets
Power scarcity from AI/data center wave	Near-term down; long-term up	AI load growth outpaces investment cycle in power grid, prompting (in time) more rapid energy capex and greater renewables investment	Headline CPI higher in short run; power-intensive industries see margins hit near term; further out, productivity upside as energy constraints ease
Major cyberattack on financial markets or critical infrastructure	Downside	Markets frozen for long period; payments, clearing or data integrity disrupted; loss of critical data a specific key risk	Growth negative if banking system disabled; market weakness as threats repriced. Regulatory backlash could hit profits in financial sector
Further pandemic with higher communicability/mortality rates	Downside	Rerun of Covid-19 pandemic but with deadlier strain	Large downside to growth; if labor pool compromised, could drive substantial reduction in trend growth
Productivity renaissance from accelerated capex	Upside	Public and private investment cycle successfully builds capacity in reshoring, digital capabilities, climate investment, etc.	Boost to total factor productivity that more than offsets aging workforce; holds inflation back and boosts profits. Limits debt-to-GDP expansion
Migration controls tightened further in key regions	Downside	Old age dependency ratios rise sharply as migration is fully curtailed in response to more populist political environment	Labor supply shrinks; trend growth down; consumption falls, but health care and social costs rise; longer-term, productivity may rise to offset worker shortages
Breakthroughs in health/longevity	Upside	Cardiometabolic, oncology, GLP-1 follow-ons, gene therapies rapidly adopted, increasing working lifespan	Reduced health-related exits from labor pool; lower spending on managing lifestyle-related illnesses
Step change in frontier tech (fusion/quantum/space)	Upside (tail risk)	Commercial breakthroughs that fundamentally change cost curves for energy, computing, transportation or other key areas	Capex supercycle and potential step change in productivity; risks to social cohesion a consideration for policymakers, but broadly positive for growth

Source: J.P. Morgan Asset Management; data as of October 2025.



Investing past and future

The evolving science, and art, of investing: 30 years back, 30 years forward

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In brief

- For the 30th edition of our Long-Term Capital Market Assumptions, we look backward and forward. Reflecting on economic and market cycles, asset allocation trends and shifts in investor behavior over the past 30 years, we seek to identify how these factors might change over the next 30 years.
- We interviewed over 40 of our most experienced investors about their experiences and surveyed over 150 of our talented “Gen Z” cohort about their view of market dynamics and future trends. This paper draws on those perspectives.
- Three key themes emerge: technology, data and the democratization of markets; a changing regulatory and policy environment; and the emergence of new assets and market actors.
- As traditional boundaries blurred between public and private markets, and among asset classes, an old philosophy – investing in a simple balanced portfolio of stocks and bonds – continued to deliver steady returns over the past 30 years. Now, the supportive backdrop to those returns, disinflation and globalization, may be evolving and so, too, portfolio construction.
- We may well be at an inflection point, moving from cheap capital to expensive capital; from wealth accumulation to wealth transfer; from an investing culture to a savings culture. Citizens, companies and consumers may be moving from a globalized to a multi-polar world; from moderation to populism; and from an information age to a disinformation age.
- Artificial intelligence (AI) and blockchain technology could redefine investing in ways we can now only glimpse. Shorter-term investing may become an AI vs. AI arena, with some human oversight. At the same time, longer-term investing, and identifying market turning points, may remain a human vs. human endeavor, with AI for support.
- Even as new assets take hold and opportunities expand over the next 30 years, we believe the timeless principles of investing – clear goals, a strong process, discipline, diversification and risk management – will still endure.

This year marks the 30th edition of our Long-Term Capital Market Assumptions (LTCMAs). A simple spreadsheet matrix of a couple of dozen assets, used internally to guide strategic asset allocation, has grown into a rigorous annual program covering over 200 assets in 20 currencies, relied upon by institutional and individual investors globally.

What have we learned from the past, and what might the future hold?

Here, we reflect on our collective experience of economic and market cycles, asset allocation trends and shifts in investor behavior over the past 30 years – seeking to identify how these factors might change over the next 30 years.

We reached widely across our business and interviewed many of our most experienced investors and analysts about their careers. They told us what insights they believe the next generation of investors will need over the next 30 years. We also surveyed our rising “Gen Z” talent about their attitudes to investing and market dynamics, and what matters most to their generation when they consider their financial goals. Finally, we drew on the findings of our Private Bank’s 2025 Global Family Office Report to capture conversations with the world’s wealthiest families.

As we dug into the data, three key themes emerged – defining features of markets over the past 30 years and, we expect, the decades ahead:

- Technology, data and the democratization of markets
- A changing regulatory and policy environment
- The emergence of new assets and market actors

Several common threads connected past experiences and future expectations. Our 30-30 project, as we came to call it, proved illuminating and inspiring. We hope you’ll agree.

30 years back: What a difference three decades makes

The investing landscape has changed significantly from that in the mid 1990s. In many ways, markets were less complex 30 years ago and reflected more directly the state of the underlying economy. Today, the stock market often seems to diverge from the economy, while bond markets price global issues as much as local ones. A market portfolio today demands a wider opportunity set and thoughtful allocation to maximize diversification.

Nevertheless, lessons from history are essential to understanding the future: As Winston Churchill wrote, “The longer you can look back, the farther you can look forward.”

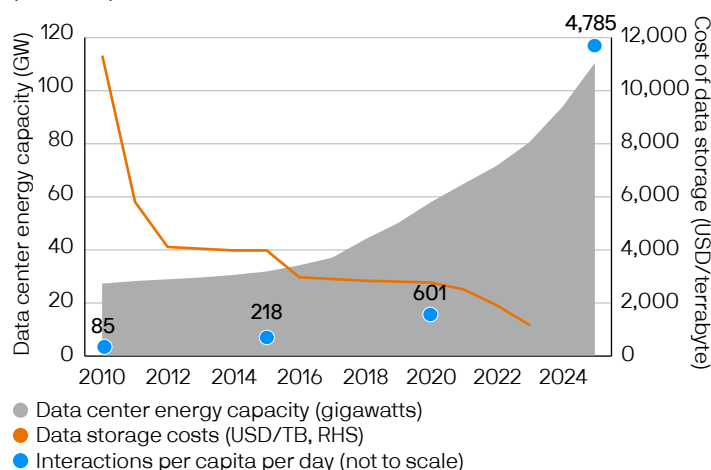
Technology, data and the democratization of markets

Technology is a key theme in this year’s LTCMAs. By any measure, technology has shaped markets over the past 30 years like no other force – on this point, feedback was unanimous.

Data that was once scarce (and the domain of Wall Street’s research-driven “sell side” broker-dealers) became accessible, even ubiquitous (**Exhibit 1**). Over time, asset management firms developed research capabilities that rival those of traditional intermediaries. Yet investors often struggled with data overload, which amplifies behavioral biases and encourages a tendency toward momentum-following and “short-termism.”

Data infrastructure is growing, cost of data storage is tumbling, and our interactions with data are exploding

Exhibit 1: Data infrastructure, data cost and interaction with data (2010–25)



Source: IDC Data Age 2025, Our World in Data, IEA, J.P. Morgan Asset Management; data as of September 2025.

While short-termism increases the risk of herding and market bubbles, it can also create an advantage by providing mispricing opportunities.

“Investors are prone to sell on weakness and buy into euphoria. But the ability of an investor to be contrarian is important.”

Jamie Kramer, CIO and Global Head of Multi-Asset Solutions

As data became more available, markets “democratized.”¹ Assets that were once exclusively the domain of professional investors opened up to new pools of capital. Data availability sharply narrowed the information advantage, allowing a greater diversity of investors access to a wider range of asset markets.

Another key shift accompanied the surge in data: investing success now relies less on accessing information and more on interpreting it. This has significantly eroded the sell side’s advantage and leveled the playing field for investors. Equally, though, it has tightly bound investing success to technological innovation.

A changing regulatory and policy environment

In recent decades, policy became a key driver of economies and markets as central banks, governments and regulatory bodies influenced everything from market liquidity to asset prices.

On the regulatory front, the past 30 years unfolded in two distinct phases: the pre-global financial crisis (GFC) era of deregulation and the post-GFC era of re-regulation. A turn back to deregulation may now be underway. Indeed, many believe that we have reached the high-water mark for both regulation and central bank independence. We explore the implications of this potential shift in the “30 years forward” section.

In the mid-1990s, investors assumed that policymakers couldn’t stop the economic cycle, they could merely respond to it. Now, investors tacitly assume that policymakers can effectively “save” both the economy and the market. In part, that reflects a growing intolerance on the part of voters, politicians and central bankers alike to suffering any economic pain.

Thus, policymakers today quickly resort to monetary and fiscal tools, seemingly at the first sign of strain. Recessions and market pullbacks have in turn become sharper and shorter, leading to more V-shaped recoveries. However, the ultimate cost of this shorter-run economic stabilization could be longer-run fragility as deficits grow inexorably with each episode of policy support.

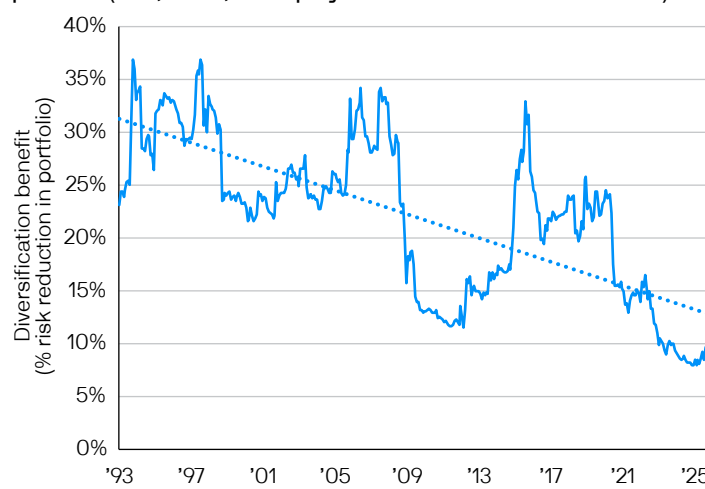
The emergence of new assets and market actors

Over the past 30 years, three key product innovations reshaped the investing landscape: passive funds, ETFs² (the first U.S. ETF – SPY, the S&P 500 SPDR – debuted in 1993) and private capital markets. All grew dramatically in scale and scope, becoming far more accessible to all types of investors.³

Along the way, traditional boundaries blurred between public and private markets and among asset classes. Investors welcomed the new choices, which in turn changed the calculus for portfolio diversification (Exhibit 2).

The benefits of diversification have moderated over time, pushing investors to explore new, uncorrelated assets in their portfolios

Exhibit 2: Portfolio diversification benefit, rolling 36m, six asset portfolio (U.S., EAFE, EM equity/Treasuries/credit/real estate)



Source: Bloomberg, J.P. Morgan Asset Management; data as of September 2025.

Note: Six asset portfolio: 35% U.S. equity, 10% EAFE equity, 10% EM equity, 30% US Agg, 5% U.S. high yield, 10% U.S. REITs; rebalanced monthly; calculated as diversification ratio (Choueifaty and Coignard 2008), normalized to give % reduction in risk between weighted sum of asset volatilities and total portfolio volatility.

¹ Democratization of asset markets refers to a process in which barriers to access – information, exchange membership, access vehicles, transaction costs and regulations – are broken down, allowing a greater mix of investors to invest in those assets.

² ETFs: exchange traded funds.

³ As private markets began to offer capital for areas that had historically been financed by public equity markets, public markets gradually evolved from being the primary source of growth financing for corporations to being an income-bearing asset for investors and an acquisition currency for corporations. See John Bilton et al., “The evolution of market structure,” 2019 Long-Term Capital Market Assumptions, J.P. Morgan Asset Management.

New choices, new assets, new market actors. Yet an old philosophy – investing in a simple balanced portfolio of stocks and bonds – delivered steady returns over the past 30 years, buoyed by an environment of disinflation and globalization that supported both bonds and company profits (**Exhibit 3**). This backdrop may be evolving and so, too, portfolio construction.

“The ‘gifted amateur’ investor of the 1980s has been replaced by process and diligence; while there is still room for individual flair, investing success is built on process and teamwork.”

Paul Quinsee, CIO, Global Equities

What will not change, in our view, are the basic principles of good investing. A robust process is essential; diversification and strong risk management are paramount.

Over the last 30 years, equities, gold and REITs are winners, but the 60/40 has delivered steady returns in most time periods

Exhibit 3: Relative performance of selected assets over discrete five-year periods from 1995–2025

'95–'00	'00–'05	'05–'10	'10–'15	'15–'20	'20–'25	Full period
MSCI Europe 23.3%	U.S. REITs 19.9%	Gold 22.5%	TOPIX 13.6%	S&P 500 14.1%	TOPIX 16.8%	S&P 500 10.5%
S&P 500 21.7%	MSCI EM 14.5%	MSCI EM 13.1%	S&P 500 13.3%	Gold 11.3%	S&P 500 16.5%	U.S. REITs 9.4%
Russell 2000 12.4%	Gold 11.5%	U.S. HY 8.4%	U.S. REITs 11.9%	MSCI EM 9.4%	Gold 15.1%	Russell 2000 8.6%
HFRI FOF 11.6%	U.S. IG 7.7%	U.S. 10y 7.1%	Russell 2000 11.7%	U.S. 60/40 8.3%	MSCI Europe 12.3%	Gold 8.0%
U.S. 60/40 11.3%	U.S. HY 7.5%	U.S. IG 6.5%	MSCI Europe 7.5%	Russell 2000 8.0%	Russell 2000 11.6%	MSCI Europe 7.8%
U.S. REITs 10.6%	U.S. 10y 6.5%	U.S. 60/40 4.6%	U.S. HY 6.1%	U.S. HY 6.8%	U.S. REITs 9.3%	U.S. 60/40 7.1%
U.S. IG 6.1%	Russell 2000 6.4%	HFRI FOF 2.1%	U.S. 60/40 5.9%	U.S. IG 6.0%	U.S. 60/40 8.4%	U.S. HY 6.7%
USD 6.1%	HFRI FOF 5.2%	U.S. REITs 1.8%	U.S. IG 4.3%	TOPIX 5.2%	MSCI EM 7.5%	MSCI EM 6.4%
U.S. HY 6.1%	U.S. 60/40 4.3%	Russell 2000 1.6%	USD 4.1%	MSCI Europe 5.2%	HFRI FOF 5.8%	U.S. IG 5.1%
U.S. 10y 5.5%	TOPIX 0.2%	MSCI Europe 1.5%	U.S. 10y 4.0%	U.S. 10y 4.9%	U.S. HY 5.5%	HFRI FOF 5.0%
TOPIX 1.3%	MSCI Europe -1.1%	S&P 500 0.6%	HFRI FOF 2.7%	U.S. REITs 3.8%	USD 0.8%	TOPIX 4.4%
MSCI EM -1.7%	S&P 500 -1.5%	USD -2.5%	Gold -3.1%	HFRI FOF 3.1%	U.S. IG 0.3%	U.S. 10y 4.1%
Gold -6.6%	USD -4.6%	TOPIX -8.6%	MSCI EM -3.2%	USD -0.5%	U.S. 10y -2.8%	USD 0.5%

Source: Bloomberg, Datastream, Haver, J.P. Morgan Asset Management; data as of September 2025. IG: investment grade; HY: high yield. HFRI FOF is the HFRI hedge fund of funds composite total return index.

30 years forward: What factors will shape the next generation of investors?

How might economies, markets and asset allocation evolve over the next 30 years? We may well be at an inflection point, captured in **Exhibit 4**.

In addition to our veteran investors and leaders, we polled our upcoming investment talent – our Gen Z⁴ employees – about how they imagine the coming decades.⁵ Many of the factors that will shape the markets of their future are becoming apparent today.

But we remain humble as we look ahead, reminded of these words from historian Niall Ferguson: “There really is no such thing as the future, singular. There are only multiple, unforeseeable futures, which will never lose their capacity to take us by surprise.”

Will technology evolution become a technology revolution?

It feels as though technology has raced forward over the past three decades, and in many respects it has. Yet in the world of investing, the reality may be more incremental. Aside from the deluge of data, we’ve essentially been steadily automating many of the same basic processes.

All that could now change.

Two technologies, artificial intelligence (AI) and blockchain, may redefine investing in ways we can now only glimpse. Both technologies will likely expand market access and improve efficiency. How capital flows shift – and who emerges as winners and losers along the way – remain to be seen.

AI literacy is already a requisite for investors. Mastering AI will compound advantages in speed, cost and insight. For example, AI analytics will increasingly serve to personalize investment advice.

Investors will need to balance the benefits of AI automation (lower costs, greater efficiency) with the demand for human judgment (which is sometimes less obvious but rarely less important). We think humans, not AI, will be best able to spot turning points and secular shifts in the economic landscape.

We can envision a world where shorter-term investing becomes an AI vs. AI battleground, with some human oversight. At the same time, longer-term investing, and identifying market inflection points, remain a human vs. human endeavor, with AI for support.

“Robots won’t trade well at inflection points. They will be fine at momentum but not at being contrarians. It’s called the pain trade for a reason. Investors need the willingness to be wrong for a while.”

Daniel Bloomgarden, Head of Research, Multi-Asset Solutions

Blockchain technology could impact investing practices related to settlement, compliance, cybersecurity and data privacy. In particular, blockchain tokenization (the conversion of real world assets into digital tokens that can then be traded) could prove transformative. It’s early days, but once regulators establish frameworks for custody and secondary trading, growth could take off.

Trading in tokens will likely boost liquidity in illiquid markets, especially private assets. That could strengthen portfolio diversification and expand market access through lower trading minimums. Equally, increased liquidity may also mean greater price transparency and possibly higher realized volatility. In any case, tokenization won’t happen quickly, but if public and private markets become tokenized, traditional and digital assets could converge. The resulting investment landscape might be unrecognizable to those of us buying and selling financial assets in 2025.

⁴ Gen Z, born between 1997 and 2012; millennials, born between 1981 and 1996; Gen X, born between 1965 and 1980; baby boomers, born between 1946 and 1964.

⁵ We conducted a survey of over 150 of our investing and research associates and vice presidents across Asset and Wealth Management to canvass their views on markets, investing attitudes, the shape of technology and the evolution of assets and access.

The business cycle becomes the political cycle

As we've said, investors have probably seen the high-water mark in both financial services regulation and central bank independence, at least for the time being. While outright deregulation seems less likely, fewer new regulations will ease cost burdens and may improve market access, especially for individual investors.

At the same time, regulators will need to be nimble to keep up with industry innovation. And investors will need to stay informed and engage with policymakers to avoid a burst of new regulation.

Large and rising deficits may well define the coming policy environment. With policymakers and voters alike unwilling to accept economic pain, deficits will be used to mitigate economic contractions. If deficits swell at the same time that central bank independence is undermined, policymakers might eventually be tempted to reprise 1950s-style U.S. yield curve control, in which the Federal Reserve capped interest rates along the yield curve to help the government finance its debt.

In this scenario, the U.S. dollar could weaken meaningfully. While we don't see the dollar's reserve currency status challenged over a 10- to 15-year horizon, if we look further out there is a small but nonzero risk that its status could erode, with crypto a plausible beneficiary.

If currencies are the ultimate offset to ballooning deficits, then FX becomes a key consideration as investors balance their U.S. vs. non-U.S. asset allocation (particularly as home country bias remains a perennial issue for many investors).

"Proximity bias causes investors to choose familiar assets over those best suited for diversification and growth."

Adam Tejpaul, CEO, International Private Bank

Traditionally, inventories and the credit cycle drove the business cycle, but the influence of policy (and politics) is growing. Supply chains are strengthening and new actors are diversifying the credit supply – dampening the impact of ebb and flow in these factors. Meanwhile, a polarized political landscape means bigger swings in economic policy and a greater impact on the wider business cycle.

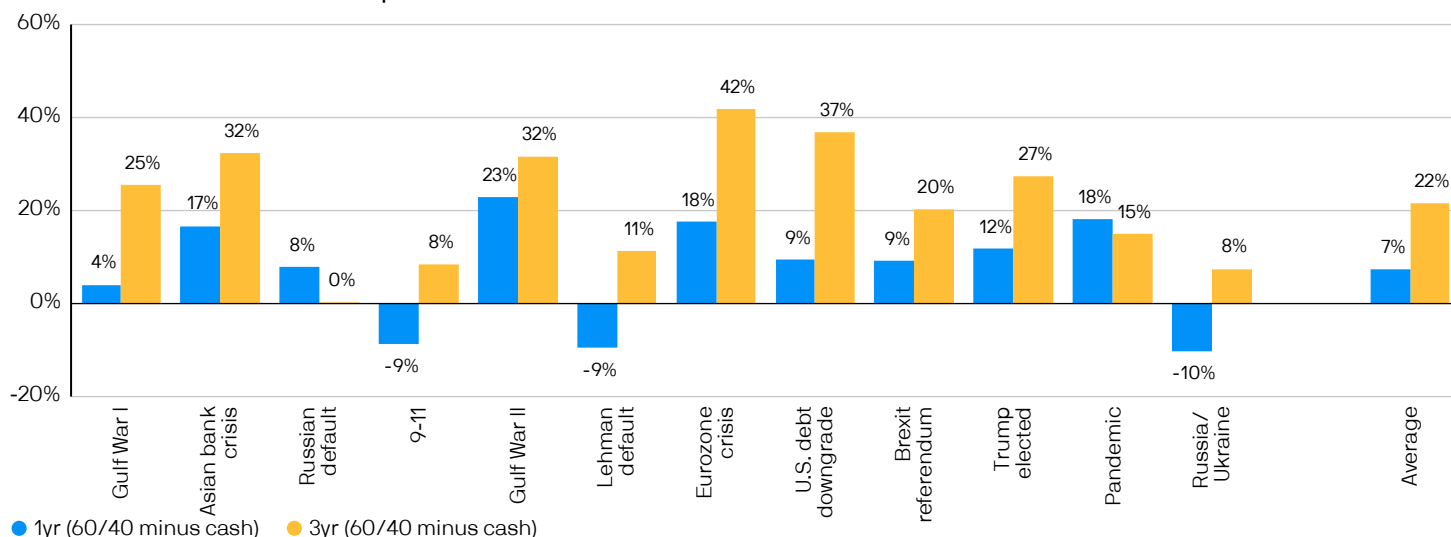
We were not surprised to see that respondents to our Family Office survey identified geopolitics as the top risk impacting their portfolio positioning and outlook. If politics is increasingly influencing the business cycle and policy responses mean shorter declines and sharper recoveries, then adapting to this landscape will be key to investing tactics. Nevertheless, history shows that markets do ultimately shrug off most major geopolitical events (**Exhibit 5**).

"It is shocking how little geopolitics actually matters to markets unless it gets truly terrible."

Michael Cembalest, Chairman of Market and Investment Strategy, J.P. Morgan Asset & Wealth Management

After market shocks, a 60/40 portfolio beats cash 75% of the time by an average of 7% after one year, and 100% of the time by an average of 22% after three years

Exhibit 5: Performance of a 60/40 portfolio vs. cash if invested one month before a market shock



Source: Bloomberg, NBER, J.P. Morgan Asset Management; data as of September 2025. See Dario Caldara and Matteo Iacoviello, "Measuring Geopolitical Risk," *American Economic Review*, 112, no. 4, April 2022.

New assets and actors: Build it and they will come

Asset class boundaries will continue to blur, and public and private markets will further converge – these are powerful secular trends. One illustrative data point: Our Family Office survey finds steady growth in private investment allocations, with twice as many families increasing their exposure than reducing it.

Our Gen Z cohort, on the other hand, has limited exposure to private assets. We don't believe this reflects low risk appetite – broadly, they've chosen to invest in stocks, real estate and crypto more than in bonds. We think it is simply because the access products don't yet exist for them. Should this change, and we believe it will, we expect to see a wider rotation from Gen Z investors toward private asset markets.

In the coming years, we expect further erosion of the public-private boundary. Several factors will propel the move: lighter regulation; fear of missing out ("FOMO") among individual investors seeking access to private markets for sources of return they can't easily find elsewhere; and, finally, companies' desire to attract new capital.

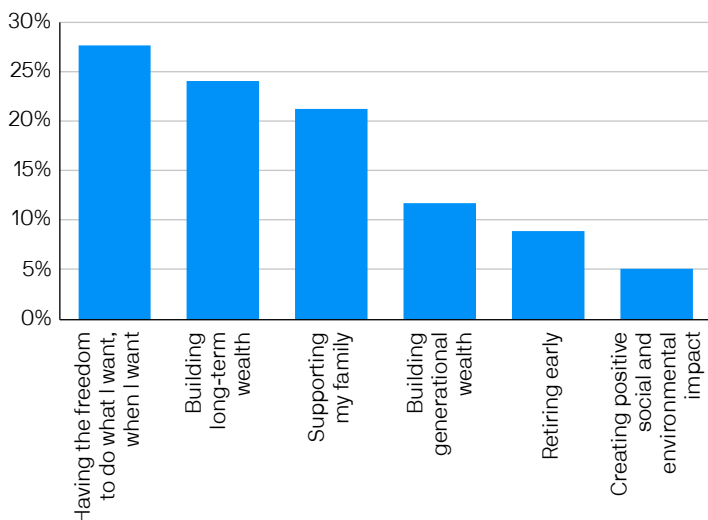
ETFs may prove key to the public-private market convergence, as they help democratize access to private assets. Eventually, this trend may significantly diminish the return premium that private assets currently tend to command. As ETFs create their own liquidity pools, they can enhance price discovery and erode the illiquidity premia that largely explain a private asset's premium to public markets for a median manager.

Within and beyond ETFs, we expect to see a continued rise in thematic investing, focused on trends such as demographic change and the energy transition.

Even as the investing landscape shifts, traditional financial goals will endure: buying a house, educating a child, retiring in comfort and, for a certain cohort, building generational wealth (**Exhibit 6**).

Financial goals for Gen Z are remarkably similar to those of Gen X, even as asset markets evolve

Exhibit 6: Feedback on investing goals from our Gen Z cohort



Source: J.P. Morgan Asset Management.

Generational shifts may emerge. Asset allocation and investing strategies may increasingly reflect the values of younger investors as wealth transitions from one generation to the next. More and more Gen Z investors may tend to barbell “safe” investment vehicles, such as stocks and bonds, with more speculative investments, such as crypto and meme stocks.⁶

“Increasingly, our clients want access to themes, ideas and companies that aren’t currently available in public markets.”

Dave Frame, CEO, Global Private Bank

Across geographies and generations, asset class distinctions will continue to blur as the cost of switching from credit to bonds to stocks falls, and especially as alternatives become more accessible. Information advantages that existed within asset classes have been eroded by technology. The implications for future portfolio construction seem clear: Diversification across asset classes can be complemented by using the rapidly growing investment toolkit to embed other axes of diversification across themes, factors and managers to enhance portfolio resilience.

Conclusion

The timeless principles of investing

Over the past 30 years, a larger and more professional asset management industry has lowered costs, improved access and liquidity, and strengthened investment practice – all to the benefit of savers and investors.

In the next 30 years, asset managers will need to serve a new breed of investor. We expect investors of all types and risk tolerances will become more outcome focused and more willing to use technology to personalize their portfolios. Yet we expect the market’s twin emotions, fear and greed, will be no less powerful in 30 years than they are today.

“Emotions around business and industry have become more pronounced due to the media and speed with which information travels; this leads to more volatility, more whiplash and bigger drawdowns but also bigger recoveries.”

George Gatch, CEO, J.P. Morgan Asset Management

Thirty years from now, when our successors conduct a similar look-back, look-forward exercise, we expect they will be surveying a vastly changed investing landscape.

The portfolio that succeeds in the next 30 years may be hard to define today, but it is likely to be more broadly diversified and possibly contain several newer assets (**Exhibit 7**). A core-satellite approach may still make sense: A balanced stock-bond portfolio sits at the core, circled by many different satellites in an expanded investment universe. As the last 30 years taught us, though, there is no such thing as a “set and forget” portfolio.

⁶ A stock that is more driven by viral attention, hype or coordination on social media than by its underlying fundamentals or valuation.

Looking ahead, much is uncertain. But we are confident that successful long-term investing 30 years from now will continue to demand clear goals, strong process, discipline, diversification and risk management – the verities of 30 years ago, and today, will still apply.

Predicting what new assets may emerge is by definition an uncertain exercise. The table below ranks the assets we see as most likely to become available or mainstream in the years ahead

Exhibit 7: Asset classes that could emerge or evolve in the coming decades

New/evolving assets	Rationale
Stablecoin/crypto	The advent of stablecoins is bringing the concept of crypto into the mainstream; widespread acceptance by Gen Z of crypto is normalizing digital assets
Carbon credits (fungible, globally)	Currently, there is no global carbon market; a fungible global carbon credit market could follow the patterns of the Eurobond market that democratized bond markets in the 1980s
Collective European Union (EU)-issued debt	The EU is gradually moving toward joint and several issuance; it probably won't entirely replace sovereign markets but potentially lowers the cost of capital for pan-EU initiatives
Fully convertible CNY	China's economy has grown 8.6% annually in the last 30 years, but its asset markets have not kept up; for CNY to become a global currency, convertibility is a key requirement
Liquidity transferring assets in private markets	As access to private asset markets improves, mechanisms to manage capital inflows/outflows become necessary – possibly a clearinghouse structure, or liquid share classes
Synthetic assets	We could see deeper usage of derivatives to construct assets that replicate physical assets or isolate specific attributes or drivers of returns
IP assets (securitized intangibles)	As IP becomes a more important feature in corporations, publicly traded rights over IP (rather than over corporate cash flows) could be securitized
Equitized sovereign debt	One response to rising deficits is to create equity-like tranches of sovereign debt, possibly following an ESM-style quasi-sovereign issuance, or a CDO-type structure*

Source: J.P. Morgan Asset Management; data as of September 2025. * ESM: European Stability Mechanism; CDO: collateralized debt obligation.

Assumptions

At the heart of J.P. Morgan Asset Management's Long-Term Capital Market Assumptions (LTCMAs) are assumptions – forecasts – about how the economy and asset markets will perform over a 10- to 15-year horizon. The product of a deep, proprietary analytical process, the LTCMAs provide return and risk expectations for more than 200 assets and strategies in 20 base currencies.

Next, you'll find highlights of the macro, public market and private market forecasts in our 2026 LTCMAs. Our macro forecast considers the outlook for growth, inflation and policy, among other key variables. Our public market forecast examines the prospects for stocks (which depend on our outlook for corporate profits and market valuations) and bonds (which reflect our forecast for interest rates and inflation expectations, among other factors). Finally, our private market forecasts cover the wide range of alternative assets, including private equity and credit, real estate and other real assets, such as infrastructure.



Macroeconomic assumptions

Resilient growth and warmer inflation

In this section, we explore the key economic forces shaping investment returns: global GDP growth and inflation trends, and their subcomponents. By examining how factors including technology, the state of the labor force, government spending and shifting trade patterns affect companies, economies and ultimately asset markets, we aim to produce forecasts that will be a clear foundation for informed decisions about asset allocation and portfolio management.

The analysis highlights the influence of resilient economic growth and persistent inflation on public market return expectations. The forecasting framework embeds attention to corporate profits, which are generally strong; the global economy's fundamental health, which is good; and the impact of domestic spending as labor becomes scarcer with slowing globalization, pushing companies to find technological solutions to maintain production and profit margins. Recent shifts in currency values, such as the devaluation of the U.S. dollar, are also an important factor in this section of the outlook.

Key takeaways

- Despite some dramatic policy shifts, particularly in the U.S., our macroeconomic assumptions see only modest changes from a year ago, with still-resilient global growth and only slightly warmer and more variable global inflation.
- Policy uncertainty, political choices and economic nationalism create more lasting drags on economic efficiencies and investment than they have in recent decades. In a more fragmented and policy-driven environment, productivity and technology play increasingly central roles in sustaining long-term growth.
- Elevated tariffs and restrictive immigration policies, which constrain labor force expansion, lower our 10- to 15-year U.S. GDP growth assumption. However, limited labor supply provides a further spur to investments in artificial intelligence (AI) and other advanced technologies, boosting productivity gains.
- Our developed market (DM) growth forecast declines marginally, due primarily to our U.S. growth downgrade. Growth is generally sustained elsewhere, as AI productivity gains offset further demographic weakness and nationalist and populist forces boost spending on defense and infrastructure.
- We leave our emerging market (EM) growth assumption little changed, as India's favorable demographics and China's improving productivity fundamentals are offset by a decline in EM capital investment.
- Our inflation assumptions diverge: Expansionary fiscal policy in Europe, trade frictions in the U.S. and rising inflation expectations in Japan lead us to slightly lift our DM inflation outlook. We revise EM inflation lower, weighed down by China.

Our 2026 assumptions see mostly steady growth and modestly higher inflation

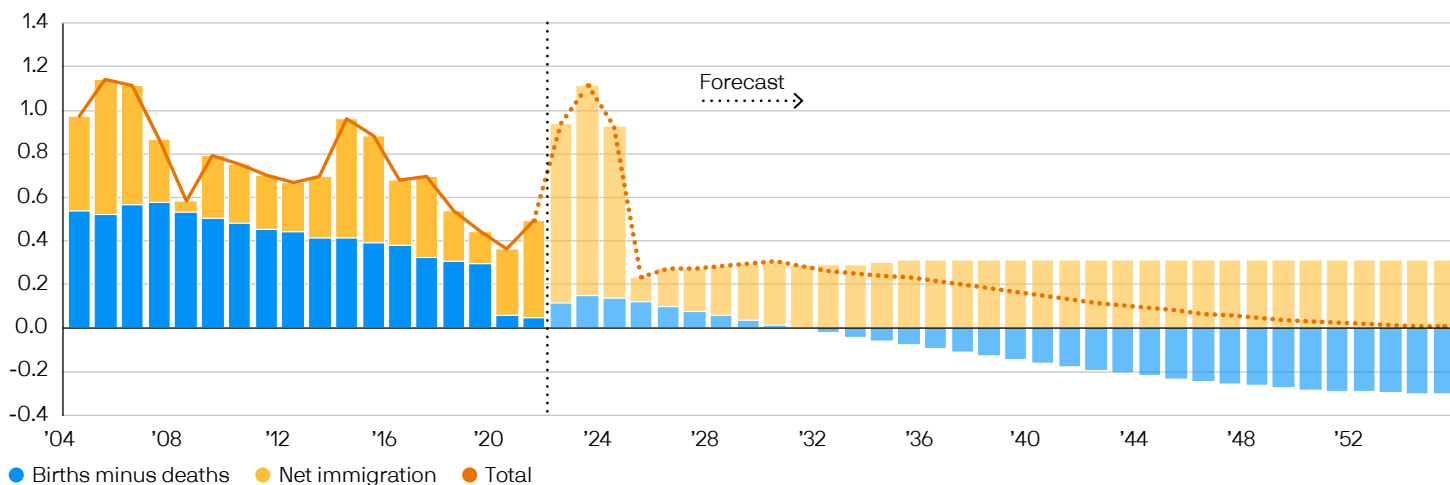
2026 LTCMAs macroeconomic assumptions (% , annual average)

	Real GDP			Inflation		
	2026	2025	Change*	2026	2025	Change*
Developed markets	1.7	1.7	0.0	2.3	2.2	0.1
United States	1.8	2.0	-0.2	2.5	2.4	0.1
Euro area	1.5	1.4	0.1	2.0	2.0	0.0
Japan	0.9	0.9	0.0	1.7	1.5	0.2
United Kingdom	1.5	1.5	0.0	2.2	2.2	0.0
Australia	2.2	2.3	-0.1	2.7	2.6	0.1
Canada	1.7	1.8	-0.1	2.2	2.2	0.0
Sweden	2.1	2.1	0.0	2.2	2.2	0.0
Switzerland	1.6	1.5	0.1	1.2	1.3	-0.1
Emerging markets	3.7	3.6	0.1	3.0	3.2	-0.2
China	3.6	3.6	0.0	1.6	2.1	-0.5
India	5.9	5.9	0.0	4.5	4.5	0.0
Brazil	2.1	2.1	0.0	4.7	4.4	0.3
Korea	2.1	2.1	0.0	1.9	2.0	-0.1
Taiwan	1.8	1.8	0.0	1.5	1.5	0.0
Mexico	2.1	2.2	-0.1	3.9	3.7	0.2
South Africa	2.1	2.1	0.0	4.9	5.4	-0.5
Turkey	3.1	3.1	0.0	13.3	13.6	-0.3
Global	2.5	2.5	0.0	2.6	2.6	0.0

Source: J.P. Morgan Asset Management; estimates as of September 30, 2025. Composite GDP and inflation numbers for developed markets, emerging markets and global aggregates are calculated by assigning weights to individual economies proportional to projected nominal GDP over the forecast horizon. This year, we remove Russia from our LTCMA assumptions and thus show EM and global composite GDP and inflation numbers excluding Russia for both 2025 and 2026. * Change represents the change calculated from rounded 2026 and 2025 estimates. Due to these rounding conventions, there may be some minor discrepancies for users accessing the unrounded data.

Tighter immigration policies appear set to pull U.S. labor force growth toward zero

Contributions to U.S. population growth (% change y/y)



Source: Congressional Budget Office, J.P. Morgan Asset Management; data as of September 30, 2025.

Global forces impacting our inflation assumptions

Long-term global inflation forces

	Fiscal policy	Inflation expectations	The green energy transition	Global trade dynamics	Information technology and AI	Commodity prices	Worker bargaining power	Exchange rate effects	Country-specific forces
United States		+		+	-			+	
Euro area	+	-	+	+	-			-	
Japan		--	+		-			-	
United Kingdom		+	+	+	-		+	-	
Australia	+		+		-				+
Canada		+	+	+	-			-	+
Sweden	+	+	+	+	-			-	
Switzerland		-		+	-			-	
China	++			--	-		-	-	
India		+	+			+			+
Brazil	++	++		+	-	++	++	++	
Korea			+		-				
Mexico	++	+		+	-	+	++	++	
Taiwan		+	+	+	-				
South Africa	++	++		+			++	+	
Turkey	++	++				++		++	

Source: J.P. Morgan Asset Management; estimates as of September 30, 2025.



Public market assumptions

Resilient profits, higher yields

This section of our forecast contains our outlook for stocks, bonds (including cash rates) and currencies, considering the effect of macro and market trends on their long-term performance. We incorporate several key issues: how rising economic nationalism is prompting governments to adopt more protectionist policies and ramp up fiscal spending, often in partnership with private investors, while rapid advances in artificial intelligence and advanced technologies fuel investment and lay the groundwork for long-term productivity growth.

High starting valuations constrain our forecasts, raising questions about whether traditional public markets alone will allow investors to achieve their future financial goals. These assumptions also point to the importance to portfolios of geographic diversification as market conditions evolve and in light of the expected depreciation of the U.S. dollar.

While risks and volatility remain challenging, we see meaningful opportunities for active management in this changing environment.

Key takeaways

- We continue to see solid long-term return opportunities across public markets, despite a strong rally in risk assets and a reshuffling of global growth forecasts. Our 10- to 15-year forecast sees global equities returning 7.0% annualized in USD, supported by resilient corporate profitability and rapid technological innovation.
- With yields higher, our forecast expects U.S. government bonds will offer their highest long-term returns since the financial crisis, at 4.6%. Investors are better rewarded than last year for holding duration but should recognize that bonds' traditional hedging role may be less reliable in this new environment.
- Credit markets benefit from improved fundamentals and higher quality among issuers, leaving our U.S. high yield forecast unchanged at 6.1%.
- We expect the weakening of the U.S. dollar to continue, making portfolio currency hedging decisions paramount and, at the same time, providing a tailwind to returns for non-USD assets.
- Our outlook is shaped by three key Long-Term Capital Market Assumptions (LTCMA) themes: economic nationalism, accelerating fiscal activism and capex, and technology adoption. We also incorporate the impacts of several other factors: evolving growth and inflation, high starting valuations and shareholder reforms in East Asia.

We forecast solid returns from public markets over the next 10–15 years

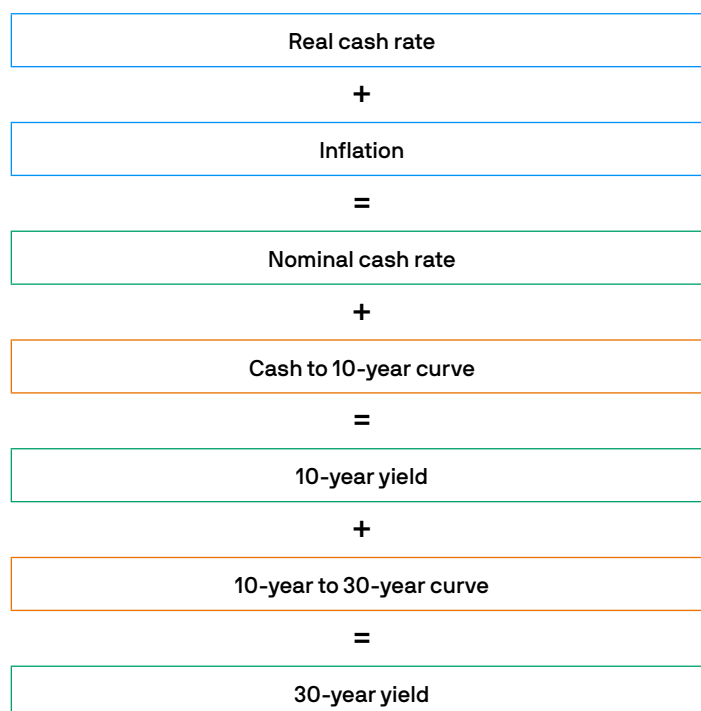
Public asset return forecasts (USD)

Asset	LTCMA 2026	LTCMA 2025	Change
U.S. cash	3.1%	3.1%	0.0%
10-year U.S. government bonds	4.6%	4.2%	0.4%
U.S. investment grade credit	5.2%	5.0%	0.2%
U.S. high yield credit	6.1%	6.1%	0.0%
U.S. large cap equities	6.7%	6.7%	0.0%
Global equities	7.0%	7.1%	-0.1%

Source: J.P. Morgan Asset Management; data as of September 30, 2025.
All forecasts are in USD.

How we produce our fixed income return forecasts

LTCMA government bond yield building blocks, sovereign debt



Source: J.P. Morgan Asset Management.

Our building block methodology breaks equity returns into their drivers

LTCMA equity assumptions building blocks

Component	Subcomponents	Outputs			LTCMAs
Revenue growth	Domestic growth assumption	Earnings growth	EPS growth	Price return	Total return
	International contribution to revenues				
	Sales % GDP				
Margins	Change from today's margin to total margin				
Net dilution	Buybacks				
	Gross dilution (issuance)				
Valuations	Change from P/E today to target P/E				
Dividend yield	Dividend yield forecast				

Source: J.P. Morgan Asset Management.



Private market and alternative asset assumptions

Powerful market forces set capital in motion

This section explores our outlook for private markets and alternative assets, including private equity (PE), private credit and real assets such as real estate and infrastructure.

We think economic nationalism and fiscal activism will drive structural change and set capital in motion. Asset valuations may recalibrate and opportunities emerge. Surging investment in technology and artificial intelligence (AI) adoption will drive innovation and efficiency across all private markets. Looser financial regulation may provide a silver lining for some financial alternatives, including private equity and hedge funds.

Key takeaways

- Growing economic nationalism, fiscal activism and technological innovation appear poised to drive structural change and set capital in motion over our 10- to 15-year investment horizon. These shifts, which shape our broadly positive return assumptions for private markets, should allow asset valuations to recalibrate and new investment opportunities to emerge in both real assets and financial alternatives.
- Over the past year, economic nationalism has erupted in the form of tighter immigration policies and rising trade barriers. New trade barriers may dampen global economic growth and raise inflation, a combination that could have a mixed impact on real assets such as real estate and transportation. But looser financial regulation, particularly in the U.S., may provide a silver lining for private equity and hedge funds.
- Looking ahead, greater fiscal activism should facilitate further gains in productivity and subsequently allow interest rates to ease in many markets. This will support yield compression in parts of the real estate market and improve both transaction volumes and valuations. In private equity, declining rates should similarly affect deal volumes and valuations while allowing leverage to make a more positive contribution to returns.
- Surging investment in technology and artificial intelligence adoption appear destined to transform private markets over the coming decade. In private equity, investment in technology and AI is driving innovation and efficiency; in real estate and infrastructure, AI-driven demand for data centers is supporting additional outlays. Meanwhile, AI-powered platforms and tools are improving asset managers' operational efficiency and reducing costs.

Our 2026 return expectations for real assets and financial alternatives reflect both shifting landscapes and silver linings

LTCMA expected returns (leveraged,* net of fees, %) 2026 vs. 2025

Real assets	2026	2025	Financial alternatives	2026	2025
Private real estate equity (USD)			Private equity (USD)[†]		
U.S. core	8.2	8.1	Cap-weighted composite	10.2	9.9
U.S. value-added	10.1	10.1	Private equity - small cap	10.1	10.1
European core	6.9	7.6	Private equity - mid cap	9.9	9.8
European value-added	9.0	9.7	Private equity - large/mega cap	10.2	9.8
Asia-Pacific core	8.4	8.1	Private debt (USD)		
REITs (USD)			Direct lending	7.7	8.2
U.S. REITs	8.8	8.0	Venture capital (USD)		
European REITs	6.7	8.7	Venture capital	8.5	8.8
Asia-Pacific REITs	8.1	7.8	Hedge funds (USD)		
Global REITs**	8.7	8.0	Equity long bias	5.5	5.0
Commercial mortgage loans (USD)			Event-driven	5.2	4.9
U.S.	6.2	6.4	Relative value	5.7	5.0
Global infrastructure (USD)			Macro	4.1	3.8
Core	6.5	6.3	Diversified ^{††}	5.3	4.9
Global transport (USD)			Conservative [‡]	4.0	3.4
Core	7.9	7.8			
Global timberland (USD)					
Global timberland	6.3	5.3			
Commodities (USD)[°]					
Commodities	4.6	4.3			
Gold	5.5	4.5			

Source: J.P. Morgan Asset Management; estimates as of September 30, 2024 and September 30, 2025.

* All return assumptions incorporate leverage, except for commodities, where it does not apply.

** The global composite is built assuming the following weights: roughly 70% U.S., 10% Europe and 20% Asia-Pacific.

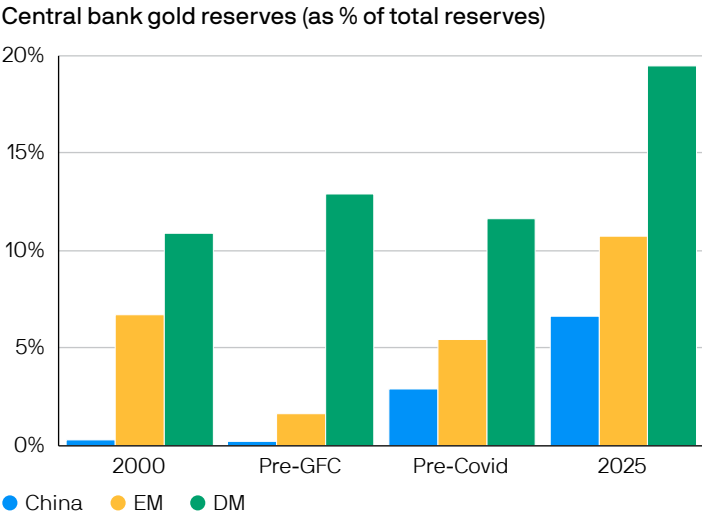
° The 2026 commodity projections do not account for execution/management fees consistent with a passive benchmark.

† The private equity composite is AUM-weighted: 65% large cap and mega cap, 25% mid cap and 10% small cap. Capitalization size categories refer to the size of the asset pool, which has a direct correlation to the size of companies acquired, except in the case of mega cap.

†† The Diversified assumption represents the projected return for multi-strategy hedge funds.

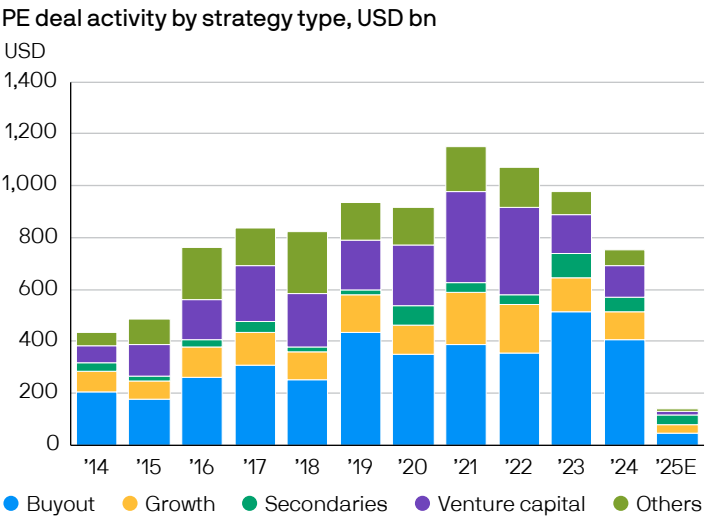
‡ The Conservative assumption represents the projected return for multi-strategy hedge funds that seek to achieve consistent returns and low overall portfolio volatility by primarily investing in lower volatility strategies such as equity market neutral and fixed income arbitrage. The 2026 Conservative assumption uses a 0.70 beta to Diversified.

Higher gold prices alongside active buying have swelled central bank gold reserves; we expect this buying to continue, in turn supporting gold prices

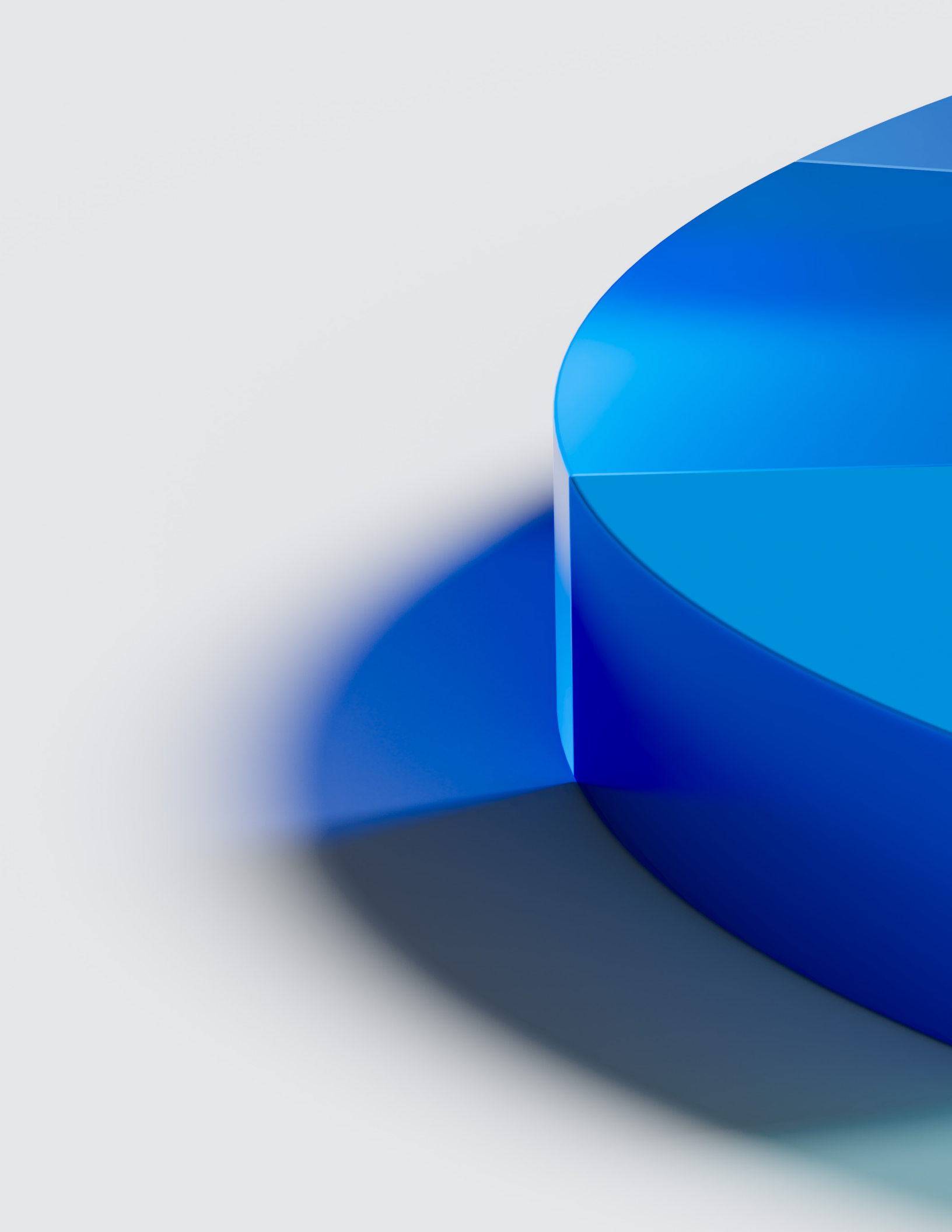


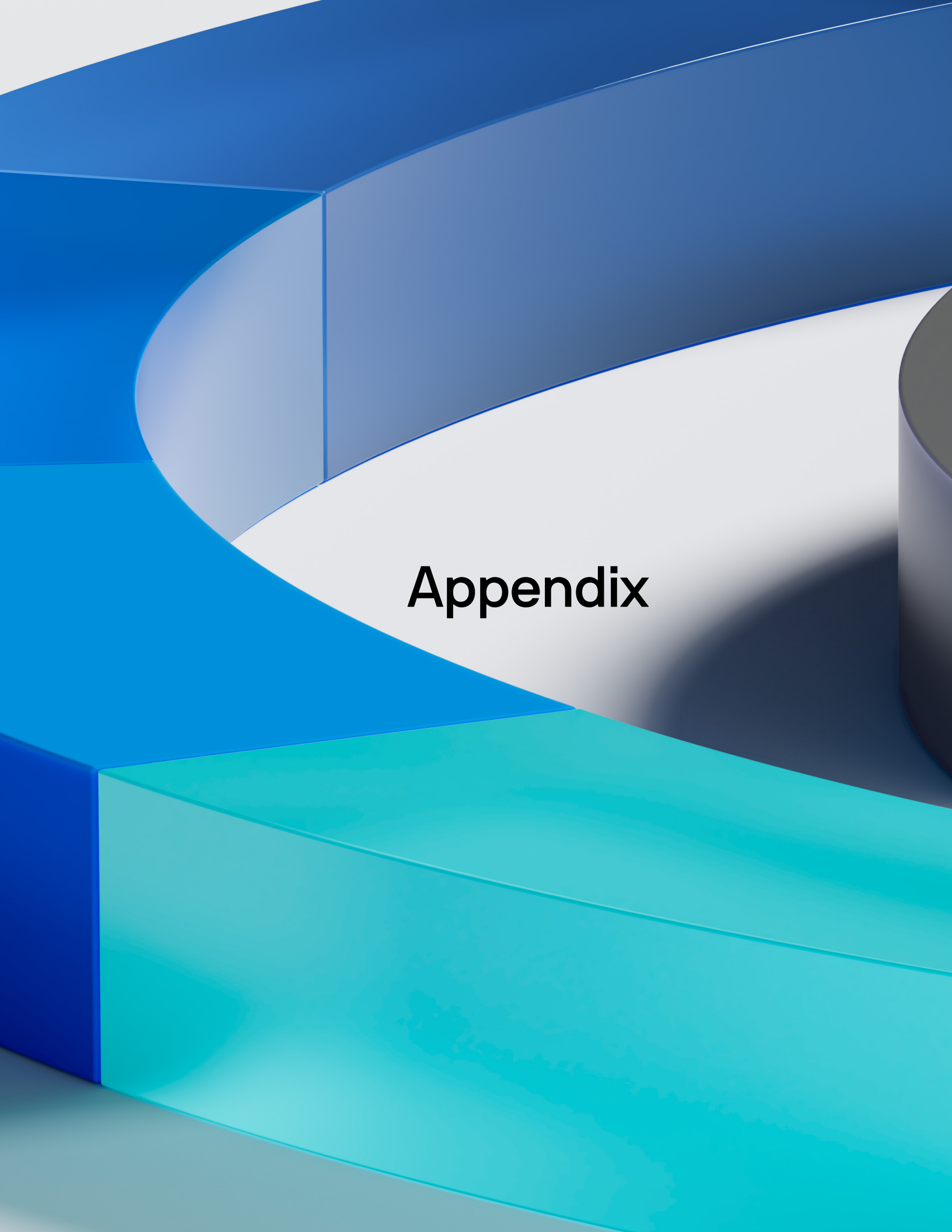
Source: Haver Analytics, IMF, J.P. Morgan Asset Management; data as of September 30, 2025.

As rates ease, we expect to see PE investment activity start to improve



Source: Preqin, J.P. Morgan Asset Management; data as of September 30, 2025.



The background is an abstract composition of overlapping, curved geometric shapes in various shades of blue and teal. The shapes create a sense of depth and movement, with some areas appearing more prominent than others. The word "Appendix" is centered in the middle of the image, set against a lighter, curved background element.

Appendix

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