

Equity Strategy

Bond yields move from here? Utilities weakness has likely gone too far; Real Estate is of interest, too

- With respect to bond yields' direction, our call last [October](#) was to go long duration, that bond yields have likely peaked. After the ytd bounceback, we think that yields will resume moving lower. Our FI team forecasts that US and German 10-year yields will be below current on 3-, 6- and 9-month horizons.
- We fundamentally agree with this, especially given the elevated geopolitical risks at present, but note the risks of inflation staying too hot. The Fed might be wrong to assume that all the recent inflation pickup is transitory; also the **term premia are outright negative** again – pointing to inflation complacency. **If bond yields end up moving higher from here**, against our base case view, **that might be “for the wrong reasons”**, with market weakening in that scenario, like last summer. Given the potential for inflation overshoot, the basket of stocks with high financing costs – JPDEHFCL – could stay under pressure.
- Now, irrespective of how one sees the bond yields' direction from here, we think that the **Utilities sector's poor performance has likely gone too far**. If yields fall, as is our core view, that should help the sector. In the opposite scenario, the overall market could weaken, and the typical low beta of Utilities could come to the fore. In addition:
 1. The client concern is with respect to perceived elevated leverage of the sector, but we think this is misplaced. Leverage is higher than in the past, but **cash flow generation is strong and Utilities stocks are solidly investment grade**. They have a lot of network exposure which is more stable, and will receive subsidies to finance capex.
 2. Power prices should not go lower from here. Industrial demand is starting to come back. **Utilities have been derated to pre-Ukraine levels, but power prices are still higher than pre-Ukraine**.
 3. Earnings relative of Utilities are continuing to move up, making the sector very attractive at present. **P/E relative of Utilities is near record cheap** – middle chart. Dividends will keep increasing for Utilities, and the sector offers the highest dividend yield vs other Defensives.
 4. **Renewables** have been underperforming the rest of the sector for more than three years now, and are increasingly attractively priced. They are very capital intensive, but the cost of capital might be peaking, and come down. Renewables lose on legacy assets when rates are up, so a decline in rates is an important consideration for the subgroup. Renewables should see gradual improvement in sentiment, and new contracts are set to be more attractive.
- We also think that **Real Estate** should be looked at again, even as bond yields direction likely remains the key for the group – the sector is unlikely to work if yields move up further. Real Estate had a brief respite in Q4, as bond yields fell 100bp, but has struggled again ytd. Fundamentally, data centers and industrial demand are the bright spots, and the push for return to office could be a help, as occupancy is still low. Refinancing prospects are improving, with some recovery in pricing.

Equity Strategy

Mislav Matejka, CFA^{AC}

(44-20) 7134-9741

mislav.matejka@jpmorgan.com

J.P. Morgan Securities plc

Prabhav Bhadani, CFA

(44-20) 7742-4404

prabhav.bhadani@jpmorgan.com

J.P. Morgan Securities plc

Nitya Saldanha, CFA

(44 20) 7742 9986

nitya.saldanha@jpmchase.com

J.P. Morgan Securities plc

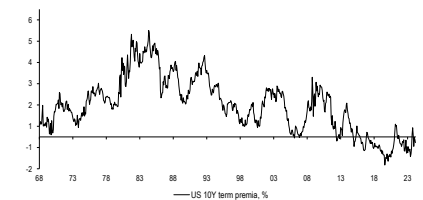
Karishma Manpuria, CFA

(91-22) 6157-4115

karishma.manpuria@jpmchase.com

J.P. Morgan India Private Limited

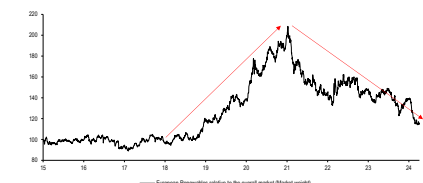
Term premia on US bonds are negative again, suggesting elevated inflation complacency



Utilities have derated to near record cheap



Renewables have been underperforming for 3 years now, resulting in more attractive valuations



Source: Datastream, IBES, J.P. Morgan.

See page 22 for analyst certification and important disclosures, including non-US analyst disclosures.

J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Table Of Contents

Bond yields move from here? Utilities weakness has likely gone too far; Real Estate is of interest, too	3
Equity Strategy Key Calls and Drivers	11
Top Picks	12
Equity Flows Snapshot.....	13
Technical Indicators.....	14
Performance	15
Earnings	16
Valuations.....	17
Economic, Interest Rate and Exchange Rate Outlook	19
Sector, Regional and Asset Class Allocations.....	20

Bond yields move from here? Utilities weakness has likely gone too far; Real Estate is of interest, too

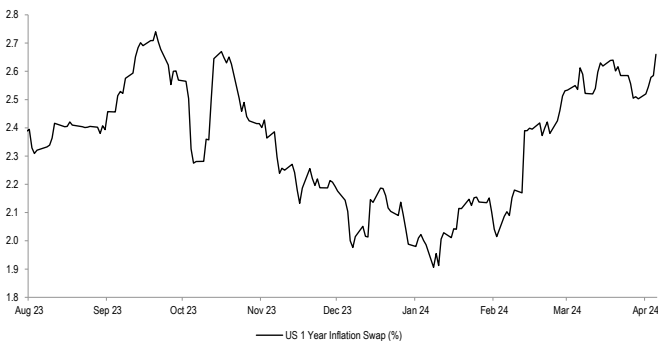
Figure 1: US 10Y bond yield



Source: Bloomberg Finance L.P.

While bond yields are still meaningfully lower than last October, they have picked up ytd. This driven by the pushing out of the start of Fed cuts, partly due to stronger dataflow, but also due to more sticky inflation prints.

Figure 2: US 1-year inflation swap rate



Source: J.P.Morgan

Near-term Inflation expectations have been moving higher.

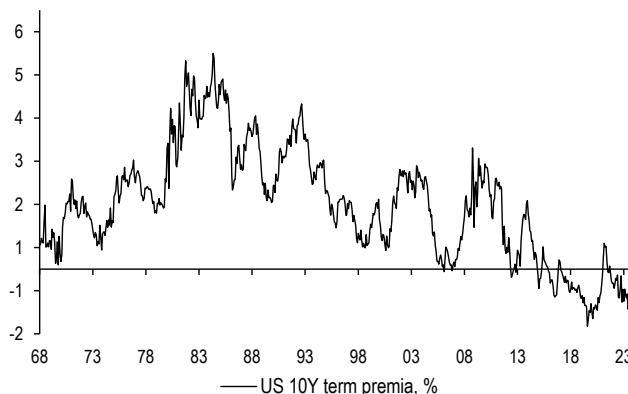
Figure 3: Citi Inflation Surprise Index - United States



Source: Bloomberg Finance L.P.

Inflation prints have been hotter than expected in the last few months.

Figure 4: US 10Y term premia



Source: J.P.Morgan

Bond market is relatively relaxed with respect to the inflation outlook, as the term premia on bonds are outright negative. Investors are not prepared for the risk of inflation overshoot, which may be too complacent.

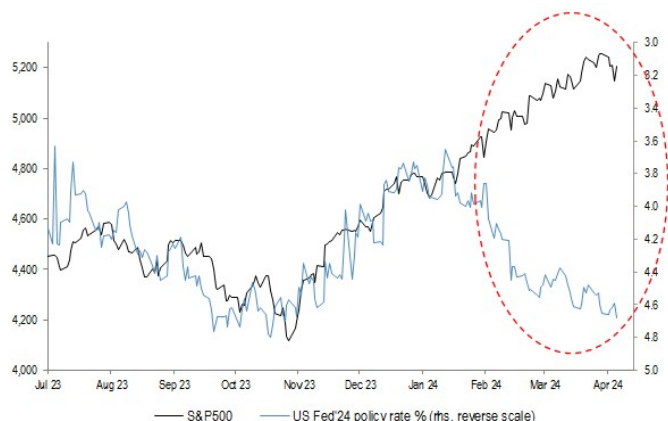
Table 1: JPM 10Y bond yield forecast

10 Yr Govt BY	Forecast for end of				
	5-Apr-24	Jun 24	Sep 24	Dec 24	Mar 25
US	4.40	4.15	4.05	4.00	3.90
Euro Area	2.40	2.20	2.05	1.90	1.80
United Kingdom	4.07	4.05	3.95	3.80	3.65
Japan	0.79	0.85	1.05	1.30	1.30

Source: J.P.Morgan

J.P.Morgan's Fixed Income strategists are calling for bond yields to move lower from here, on all the investment horizons, with the exception of Japan. We fundamentally agree with this call, but the risk is of inflation overshoot.

Figure 5: S&P500 and Fed funds futures



Source: J.P.Morgan

If bond yields move further up, chances are that market weakens, like last summer.

If bond yields keep moving higher, against JPM call, that could be a continuing problem for corporates facing refinancing pressure

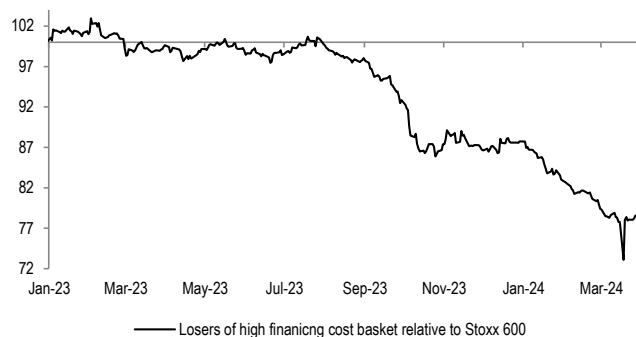
Table 2: JPM European losers of higher financing costs - JPDEHFCL

Name	Ticker	Sector	ND/EBITDA 2024e
Ocado Group PLC	OCDO LN	Staples	9.5
United Utilities Group PLC	UU/ LN	Utilities	8.8
Severn Trent PLC	SVT LN	Utilities	7.4
National Grid PLC	NG/ LN	Utilities	6.5
Cellnex Telecom SA	CLNX SM	Comm. Svcs	6.2
Snam SpA	SRG IM	Utilities	6.1
Enagas SA	ENG SM	Utilities	5.1
Infrastrutture Wireless Italia	INW IM	Comm. Svcs	4.6
Grifols SA	GRF SM	Health care	4.1
Redeia Corp SA	RED SM	Utilities	4.0
Fresenius SE & Co KGaA	FRE GR	Health care	3.6
LANXESS AG	LXS GR	Materials	3.3
Wizz Air Holdings Plc	WIZZ LN	Industrials	3.0
Fresenius Medical Care AG	FME GR	Health care	2.9
Nexi SpA	NEXI IM	Financials	2.9
Bayer AG	BAYN GR	Health care	2.8
Fluidra SA	FDR SM	Industrials	2.8
Diageo PLC	DGE LN	Staples	2.7
Pernod Ricard SA	RI FP	Staples	2.7
Anheuser-Busch InBev SA/NV	ABI BB	Staples	2.7
Coca-Cola HBC AG	CCH LN	Staples	2.7
Akzo Nobel NV	AKZA NA	Materials	2.5
Givaudan SA	GIVN SW	Materials	2.5
British American Tobacco PLC	BATS LN	Staples	2.4
Electrolux AB	ELUXB SS	Discretionary	2.4
Alstom SA	ALO FP	Industrials	2.3
ams-OSRAM AG	AMS SW	IT	2.2
Ashtead Group PLC	AHT LN	Industrials	2.2
Koninklijke Philips NV	PHIA NA	Health care	2.0
Eurofins Scientific SE	ERF FP	Health care	2.0
DSV A/S	DSV DC	Industrials	1.4
Valeo SE	FR FP	Discretionary	1.2

Source: Bloomberg Finance L.P., J.P. Morgan, all stocks are liquidity weighted in the basket

If rates stay higher for longer, it may end up being a problem for companies which need to roll over existing debt or borrow more capital. We believe that our basket of highly leveraged companies that will likely need to access the market for capital could appear quite vulnerable in such a situation.

Figure 6: JPM European losers of high financing costs basket relative

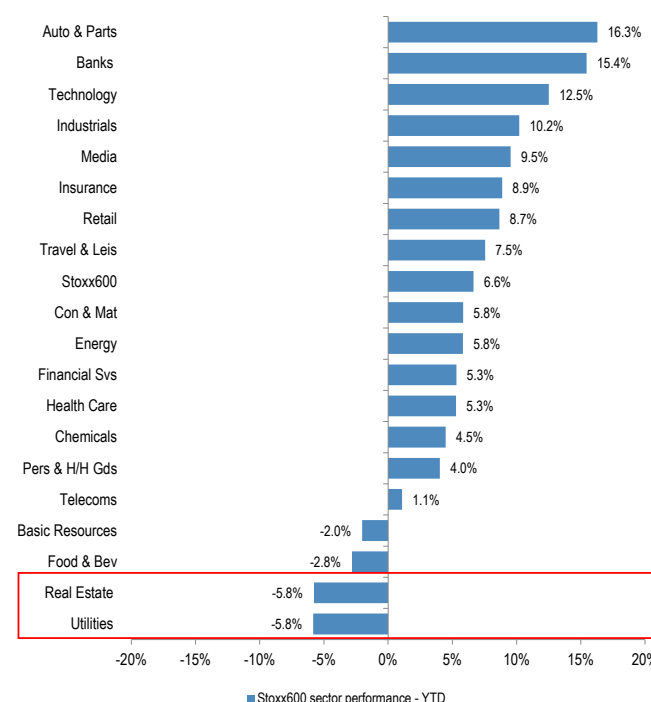


Source: Bloomberg Finance L.P., J.P. Morgan

This basket has lagged the broader market by more than 10% since the start of last year, and could remain under pressure.

Now, irrespective of the bond yield view, Utility sector's underperformance might have gone too far

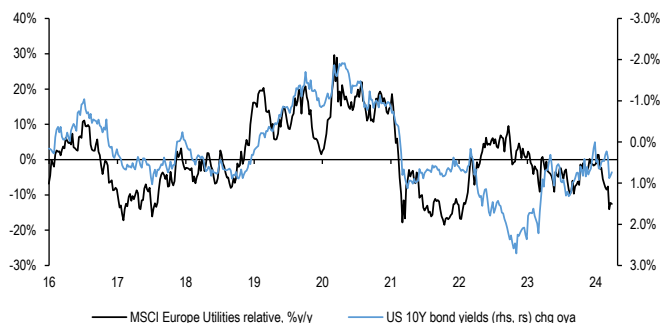
Figure 7: Stoxx 600 sector performance - ytd



Source: Bloomberg Finance L.P.

Utilities are the worst performing sector in Europe so far this year. Real Estate sector has also lagged by a similar magnitude.

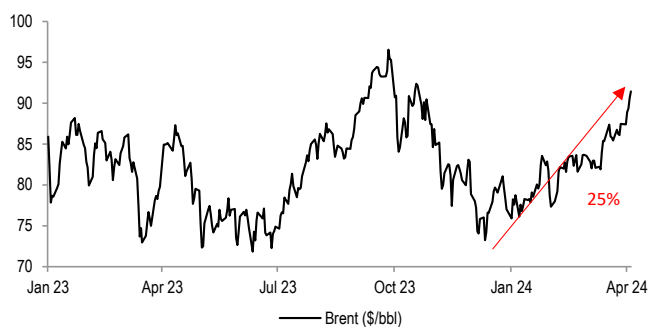
Figure 8: MSCI Europe Utilities relative and US 10Y bond yield



Source: Datastream, Bloomberg Finance L.P.

The sector is seen as a highly leveraged bond proxy, and is the preferred short as investors position for higher bond yields. We note though that post this extreme period of weakness the sector has some cushion even if yields were to rise further. In fact, if bond yields rise from here, the overall market could fall, in our view, which could make the low beta of Utilities more attractive. If yields stop going higher, as JPM FI team expects, then the sector could see a respite, anyway.

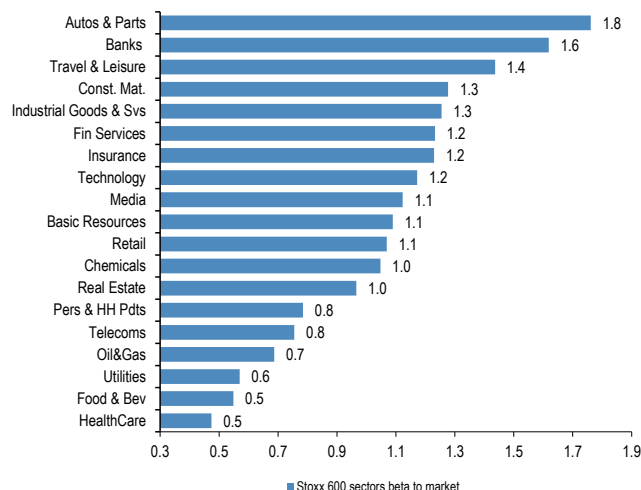
Figure 9: Brent



Source: Bloomberg Finance L.P.

Given the low levels of Vix at present and the rising geopolitical uncertainty, as seen in oil prices up almost 25% from their recent low, the overall equity market might be too complacent as present.

Figure 10: European sectors beta to SXXP

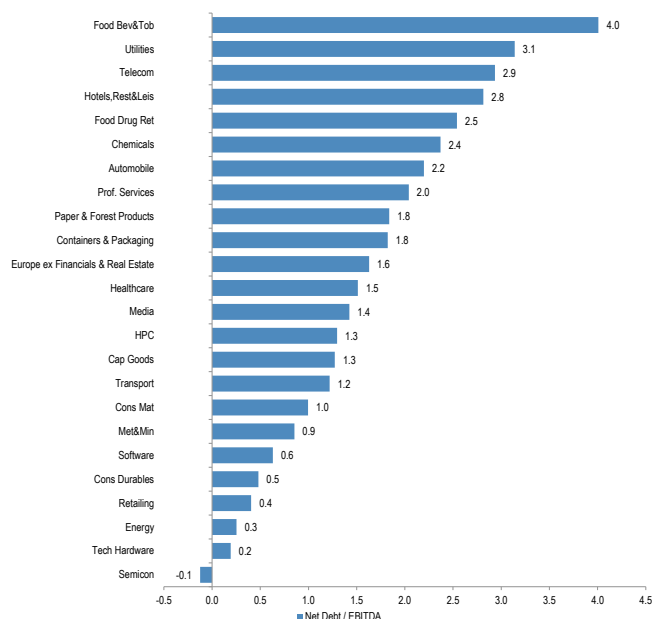


Source: Bloomberg Finance L.P.

There is a risk that Fed may have prematurely declared victory on inflation. There is also a possibility of a sharp reversal in markets if some of the geopolitical concerns in Middle East spike. We believe equities overall would be vulnerable and the low beta nature of the Utility sector may enable it to outperform even as yields move up under these scenarios. In effect, the Utilities sector could outperform the market regardless of the direction of yields. In addition:

1. Strong cash flow generation allays concerns around the sector's leverage

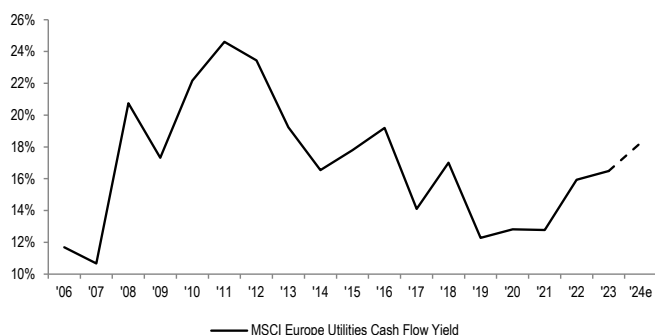
Figure 11: European L2 sectors Net Debt to EBITDA



Source: Worldscope

At 3.1x Net Debt to EBITDA, Utilities are among the most leveraged of the European sectors.

Figure 12: MSCI Europe Utilities Cash Flow yield



Source: IBES

However, this in itself is not a major concern given the strong cash flow generation of the sector.

Table 3: MSCI Europe Utilities companies' credit ratings

Name	Ticker	Weight in Index	S&P rating	Moody's rating
IBERDROLA	IBE SM	18.2	BBB+	Baa1
ENEL	ENEL IM	12.8	BBB	Baa1
NATIONAL GRID	NG/ LN	12.0	BBB+	Baa2
E.ON N (XET)	EOAN GR	7.5	BBB+	-
ENGIE	ENGI FP	7.3	BBB+	Baa1
SSE	SSE LN	5.4	BBB+	Baa1
VEOLIA ENVIRON	VIE FP	5.4	BBB	Baa1
RWE (XET)	RWE GR	5.1	NR	Baa2
EDP ENERGIAS DE PORTUGAL	EDP PL	2.9	BBB	Baa2
TERNA RETE ELETTRICA NAZ	TRN IM	2.8	BBB+	Baa2
OERSTED	ORSTED DC	2.5	BBB	Baa1
SNAM	SRG IM	2.3	BBB+	Baa2
CENTRICA	CNA LN	2.1	BBB	Baa2
SEVERN TRENT	SVT LN	2.0	BBB	Baa2
REDEIA CORPORACION	RED SM	1.7	A-	WR
ENDESA	ELE SM	1.4	BBB	-
FORTUM	FORTUM FH	1.3	BBB+	Baa2u
VERBUND	VER AV	1.2	A+	-
ENAGAS	ENG SM	0.9	BBB	Baa2
ELIA GROUP	ELI BB	0.8	BBB	-

Source: Bloomberg Finance L.P.

The sector is generally well capitalized and is favourably placed to access more funds to fund capital requirements. Most of the bigger weights are rated investment grade by rating agencies.

Table 4: Utilities companies network exposure

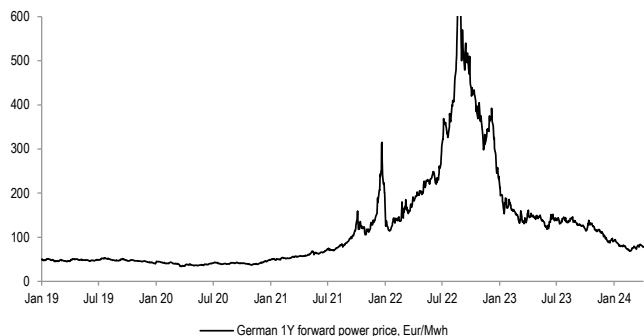
Company	% Networks	% Traditional Generation	% Renewables Generation	% Total Generation	% Supply	% Other
Centrica	-	19%	-	19%	33%	48%
E.ON	70%	-	-	-	30%	-
EDP	30%	8%	58%	65%	5%	-
EDPR	-	-	100%	100%	-	-
Enel	35%	16%	25%	41%	24%	-
Naturgy	47%	12%	9%	21%	32%	-
Engie	22%	21%	20%	41%	6%	31%
Iberdrola	41%	30%	-	30%	29%	-
RWE	-	8%	73%	81%	19%	-
Endesa	43%	18%	20%	39%	18%	-
SSE	28%	50%	22%	72%	-	-
Drax	-	23%	62%	85%	7%	8%
Fortum	-	50%	44%	95%	5%	-
Orsted	-	-	96%	96%	-	4%
Enagas	100%	-	-	-	-	-
National Grid	89%	-	-	-	-	11%
Redeia	79%	-	-	-	-	21%
Snam	100%	-	-	-	-	-
Terna	96%	-	-	-	-	4%
Neoen	-	-	100%	100%	-	-
Acciona Energy	-	-	100%	100%	-	-

Source: JPM European Utilities team

It is also worth highlighting that a major chunk of the sector's revenues comes from its exposure to networks. This revenue stream is very stable and underpins the current dividend commitments for most of them.

2. Power prices are down significantly in the last few months, but further downside may be limited

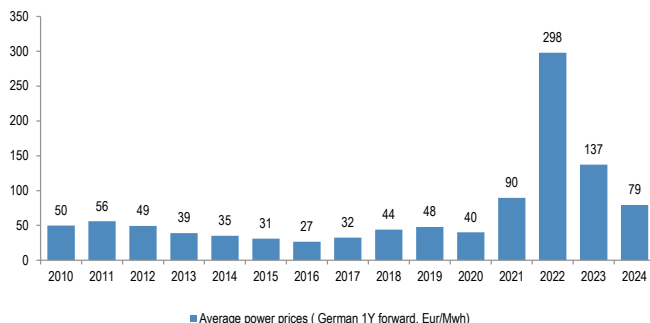
Figure 13: Germany 1-year forward power price



Source: Bloomberg Finance L.P.

European power prices rose sharply after Russia's invasion of Ukraine but have been falling for the last couple of years.

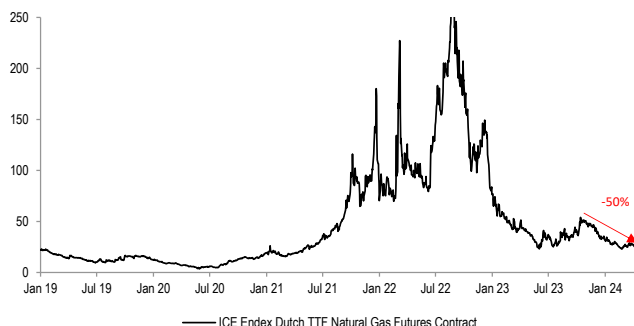
Figure 14: German 1Y forward power price, average



Source: Bloomberg Finance L.P.

It is worth flagging though that power prices are still well above the levels seen pre Ukraine.

Figure 15: TTF Natural Gas price, 1Y forward



Source: Bloomberg Finance L.P.

The fall in power prices has broadly tracked the decrease in European natural gas prices.

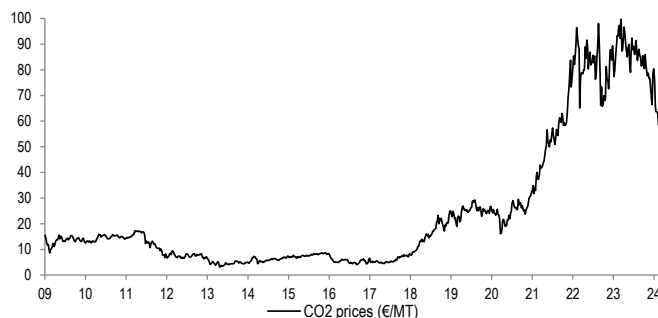
Table 5: JPM Commodities TTF price outlook

	Current	2Q24e	3Q24e	4Q24e	2024
TTF Price	27.56	23.00	20.00	30.00	25.75

Source: JPM Commodities team, All forecasts are averages of the contract months within the calendar period

Our Commodities team is projecting gas prices to remain range-bound for the remainder of this year.

Figure 16: CO2 price

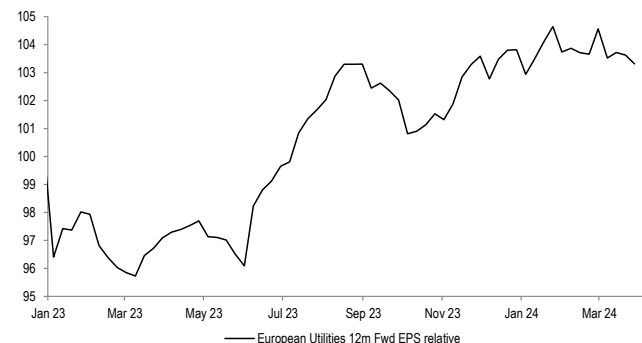


Source: Bloomberg Finance L.P.

Another factor driving lower power prices was the fall in CO2 prices. While supply-demand is more difficult to model here, we see limited further downside risk given the recent weakness and the more medium-term focus on decarbonization. Overall, power prices are still higher than pre-Ukraine, but the sector is trading cheaper than then.

3) Earnings for the sector have been holding up

Figure 17: MSCI Europe Utilities 12m Fwd EPS relative



Source: IBES

Earnings for the sector has been quite resilient despite the fall in power prices.

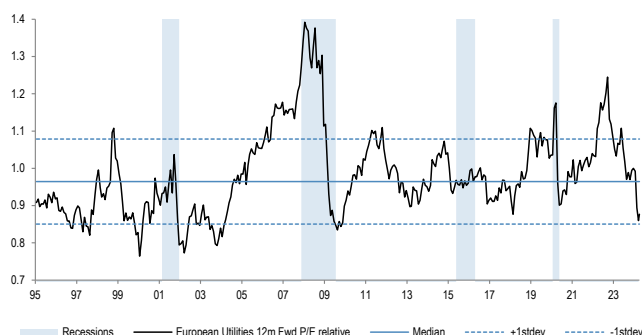
Table 6: European sectors 12m fwd PE

Europe	12m Fwd PE		
	Current	Median	Current vs Median
IT	20.9	19.6	7%
Industrials	14.1	14.9	-5%
Materials	11.6	12.6	-8%
Market	10.3	13.4	-23%
Healthcare	12.6	16.6	-24%
Discretionary	10.0	13.6	-26%
Com Services	10.2	14.2	-28%
Staples	12.0	17.0	-29%
Utilities	9.0	13.7	-34%
Financials	6.8	10.9	-38%
Real Estate	10.3	18.7	-45%
Energy	5.9	12.3	-52%

Source: IBES

At 9x P/E, the sector currently trades at a 34% discount versus historical multiples. Only Energy, Real Estate and Financials are trading cheaper versus their historical valuations.

Figure 18: European Utilities 12m Fwd PE relative

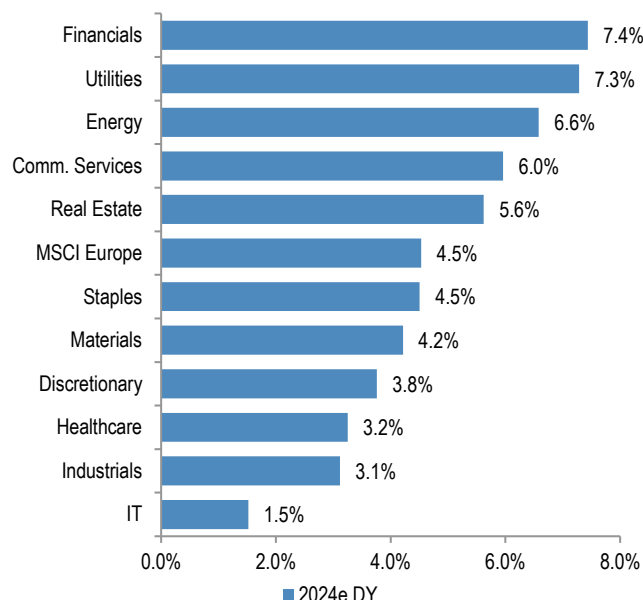


Source: IBES

The P/E multiple of Utilities has derated relative to the broader market and is now more than 1 standard deviation below historical.

4. The sector offers attractive dividends and could potentially even increase payouts further

Figure 19: European sectors 2024e dividend yield



Source: IBES

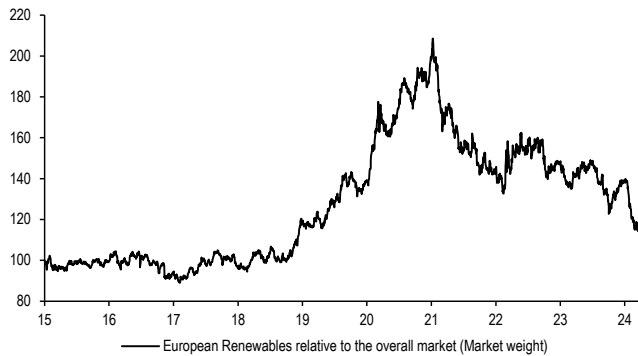
Utilities offer one of the highest dividend yields across European sectors. Our analysts believe that the sector could work with regulators to increase the attractiveness of their payouts, as they look for fresh capital to fund the development of the infrastructure needed for the energy transition, including power networks, green hydrogen projects or energy storage facilities.

Recent communication from a number of regulators in the region have stressed the need to offer safe and attractive returns to investments, commensurate with an environment of higher interest rates and more competition for capital. In the UK the regulator, Ofgem, at the end of 2023 stated officially that it will be developing the notion of “investability”, alongside its existing financeability assessment, “to retain and attract the equity capital that the sector requires”. In Germany the BundesNetzAgentur implemented since the start of 2024 and allowed return for new investments in networks that was c. 200bp above the original proposal it had made.

All of this furthers the prospects of continued improvements in cash flow yields for new investments and enhanced visibility on the sustainability of such returns, which are the two pillars that sustain growing dividends from the Utilities sector in Europe.

5. Within Utilities, Renewables have been lagging but we believe that they could trade better going forward

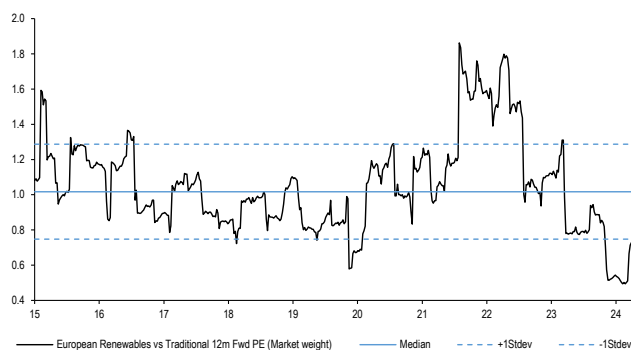
Figure 20: European Renewables relative to the overall market



Source: J.P.Morgan, Datastream

Renewable Utilities stocks were heavily penalized as the fixed returns on legacy assets lost their attractiveness to higher yields. Increasing cost of capital was a material concern as well. The cost of funding might be peaking and may even come down over the coming quarters.

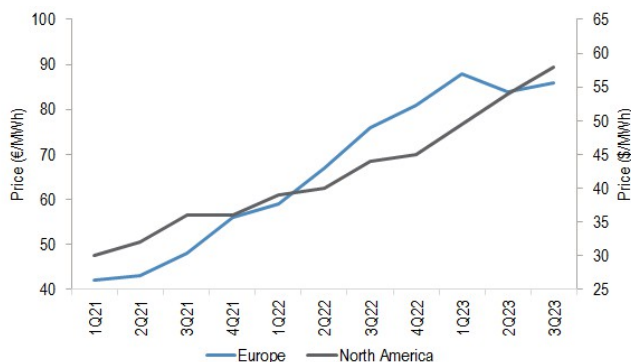
Figure 21: European Renewables 12m Fwd PE relative to Traditional



Source: IBES

We believe that the price weakness of the sub-sector is overdone and expect these names to trade better going forward.

Figure 22: Power Purchase Agreement prices



Source: JPM European Utilities team

We note that PPA (power purchase agreement) prices have been rising steadily and will help the profitability of the renewable space. Recent auctions have also seen sharp increases in prices offered per unit of renewable power.

Table 7: LCoE for different renewable technologies in Europe

Capital & operating costs	Solar			Wind Onshore			Wind Offshore			
	Low LCoE	Mid LCoE	High LCoE	Low LCoE	Mid LCoE	High LCoE	Low LCoE	Mid LCoE	High LCoE	
Pre-tax nominal WACC	6%	7%	8%	6%	7%	8%	7%	8%	9%	
Capex (incl development)	\$/W	550	650	750	1300	1500	1700	2750	3625	4500
Construction period	years	0.8	0.9	1.0	1.2	1.6	2.0	3.0	3.5	4.0
Capitalised costs	\$/W	4	6	9	14	25	41	887	154	247
Total capital costs	\$/W	554	656	759	1314	1525	1741	2837	3779	4747
Asset life	years	30	30	30	30	30	30	30	30	30
OMM	\$/W pa	12	15	18	25	31	36	60	75	90
Total required fixed contribution	\$/W pa	52	68	85	120	153	191	289	411	552
Load factor		20%	16%	12%	35%	30%	25%	50%	45%	40%
LCoE	\$/MWh	29.8	48.4	81.3	39.3	58.4	87.1	65.9	104.2	157.6
LCoE	€/MWh	27.3	44.4	74.5	36	53.6	79.9	60.5	95.6	144.6

Source: JPM European Utilities team estimates

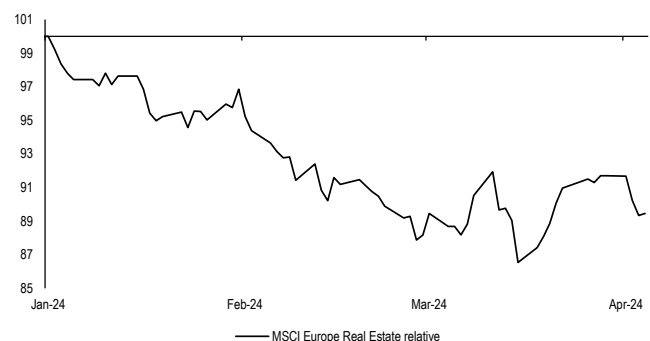
The combination of technology improvements, scale benefits and high energy commodity prices means that wind and solar are competitive vs traditional fuels. Our sector analysts believe that the incremental volatility in wholesale power prices would drive more industrial clients to sign long-term renewable PPAs.

They estimate that at 5% cost of debt and 60% leverage a 6-7% pre-tax unlevered IRR equates to 7.6%-10% pre tax equity IRR. A 200bp spread over WACC would yield pre tax equity IRRs of 12.5-15%.

Our Utilities analysts like **EDP** and **SSE** in the renewable space. They also like **Enel**, **Engie**, **E.ON** and **Centrica** within their coverage.

The Real Estate sector should also benefit if yields move lower

Figure 23: MSCI Europe Real Estate relative ytd



Source: Datastream

The Real Estate sector has also had a very poor run so far this year. Like Utilities, the sector is seen as a bond proxy and would benefit if yields moved lower.

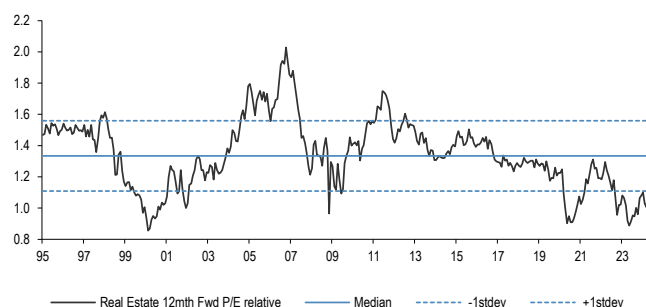
Within the sector, offices in particular suffered due to the structural changes brought on by COVID. However, utiliza-

tion rates are improving as more organizations push get employees back in offices.

Fundamentally, data centers and industrial demand remain robust and rental growth remains strong. Our analysts see **Segro** as a clear beneficiary.

Asset values remain the key consideration for investors looking at the sector. While the higher cost of borrowing has dealt a significant blow, we note that refinancing prospects are improving and we could be in the early stages of a recovery in pricing.

Figure 24: European Real Estate 12m Fwd PE relative



Source: IBES

The sector trades at very attractive valuations.

Equity Strategy Key Calls and Drivers

In terms of leadership, US and Japan are ahead of other markets ytd. Growth is outperforming Value and large caps are again beating small, in all key regions. We continue to believe that this style of leadership will broadly stay the case for a while longer, until there is a break, or a rest, in the cycle. For Value, commodities, low Quality, small caps, EM or International stocks to begin leading more sustainable one needs to see a reflationary backdrop, in our view, but we could have the opposite. Within this, we have recently taken profits on US vs Eurozone OW, as the Eurozone risk-reward has improved, in our view. Among other, Eurozone valuations appear very attractive, relative growth momentum could be bottoming out and ECB could start moving ahead of the Fed, which would be very atypical. We also have a tactical buy on China given extreme cheapness and UW positioning by most investors. Broadly, JPM Fixed Income's call is that bond yields are fundamentally set to move lower in 2H, but we note a pickup in inflation swaps as well as the outright negative term premia for bonds again, which suggest that there is a lot of complacency in the bond market with respect to the inflation risk. Consequently, the gap that has opened up ytd between Fed futures and the equity market is getting wider. Equities rallied almost 30% from last October lows, driven in Nov-Dec by the expectation of a Fed pivot, but these projections have fully reversed back to October low levels. Equities are ignoring the most recent pivot of a pivot, which might be a mistake. The assumption that the market is likely making here is one of growth acceleration coming to the rescue in 2H. In this regard, we note that earnings projections for 2024 are still not moving up. Regionally, Japan is staying our top pick, continuing our 2023 preference.

Table 8: J.P. Morgan Equity Strategy — Factors driving our medium-term views

Driver	Impact	Our Core Working Assumptions	Recent Developments
Global Growth	Neutral	At risk of weakening as consumer strength wanes	Global composite PMI is at 52.1
European Growth	Negative	Manufacturing and services are converging on the downside; industry data stays weak	
Monetary Policy	Neutral	Fed pivot could be accompanied by activity weakness	
Currency	Neutral	USD could strengthen again	
Earnings	Negative	Corporate pricing power is likely to weaken from here	2024 EPS projections are continuing their downtrend
Valuations	Negative	At 21x, US forward P/E is still stretched, especially vs real yield	MSCI Europe on 13.8x Fwd P/E
Technicals	Negative	Sentiment and positioning are stretched post the Nov-Dec rally	RSIs are in overbought territory

Source: J.P. Morgan estimates

Table 9: : Base Case and Risk

Scenario	Assumption
Upside scenario	No further hawkish tilt by the Fed. No landing
Base-case scenario	Inflation to fall further, risk of downturn still elevated. Earnings downside from here
Downside scenario	Further Fed tightening and global recession to become a base case again

Source: J.P. Morgan estimates.

Table 10: Index targets

	Dec '24 Target	04-Apr-24	% upside
MSCI Eurozone	256	299	-14%
FTSE 100	7,700	7,976	-3%
MSCI EUROPE	1,850	2,059	-10%
DJ EURO STOXX 50	4,250	5,071	-16%
DJ STOXX 600 E	460	511	-10%

Source: J.P. Morgan.

Table 11: Key Global sector calls

Overweight	Neutral	Underweight
Healthcare	Technology	Capital Goods ex A&D
Telecoms	Discretionary	Food& Drug Retail
Food, Beverage & Tobacco	Mining	Autos
Real Estate	Transportation	Banks
Utilities		

Source: J.P. Morgan

Table 12: J.P. Morgan Equity Strategy — Key sector calls*

Sector	Recommendations	Key Drivers
Healthcare	Overweight	Potential for lower yields and stronger dollar remain near term support, earnings are also holding up
Staples	Overweight	Sector is one of the best performers around the last Fed hike in the cycle, lower bond yields and better relative EPS momentum should further support
Banks	Underweight	Downgraded to UW in October after 3 years of strong performance. Bond yields and PMIs direction is the key for the potential P/E re-rating of the sector, we think both will move lower
Chemicals	Underweight	The sector trades at 70% premium to the market, well above historical norm. pricing continues to deteriorate, downside risks to current earnings and margin projections

Source: J.P. Morgan estimates. * Please see the last page for the full list of our calls and sector allocation.

Table 13: J.P. Morgan Equity Strategy — Key regional calls

Region	Recommendations	J.P. Morgan Views
EM	Neutral	China tactical chance for a bounce, but structural bearish call remains
DM	Neutral	
US	Neutral	Expensive, with earnings risk. Growth style at a risk of reversal
Japan	Overweight	Japan is attractively priced; diverging policy path and TSE reforms are tailwinds
Eurozone	Neutral	Eurozone trading at a record discount vs the US; Growth differential to improve
UK	Overweight	Valuations still look very attractive, low beta with the highest regional dividend yield

Source: J.P. Morgan estimates.

Top Picks

Table 14: J.P. Morgan European Strategy: Top European picks

Market Cap							EPS Growth			Dividend Yield	12m Fwd P/E			Performance	
Name	Ticker	Sector	Rating	Price	Currency	(€ Bn)	23e	24e	25e	24e	Current	10Y Median	% Premium	-3m	-12m
ENI	ENI IM	Energy	OW	15	E	51.0	-35%	-14%	2%	6.0%	7.2	12.7	-43%	-1%	15%
TOTALENERGIES	TTE FP	Energy	OW	67	E	160.1	-33%	-4%	2%	4.7%	8.0	10.6	-25%	7%	18%
SHELL	SHEL LN	Energy	OW	32	E	207.3	-23%	-2%	6%	3.7%	8.5	11.2	-24%	6%	19%
CRH PUBLIC LIMITED	CRH LN	Materials	OW	84	US\$	53.4	-14%	24%	8%	1.6%	15.4	15.0	3%	28%	71%
RIO TINTO	RIO LN	Materials	OW	5094	£	100.3	-11%	4%	-8%	6.7%	8.7	10.3	-15%	-11%	-4%
NORSK HYDRO	NHY NO	Materials	OW	68	NK	11.8	-60%	12%	40%	3.7%	12.8	12.9	-1%	3%	-13%
ANGLO AMERICAN	AAL LN	Materials	OW	2111	£	29.9	-51%	-11%	10%	3.6%	12.2	9.5	28%	13%	-20%
SCHNEIDER ELECTRIC	SU FP	Industrials	OW	208	E	117.5	2%	15%	11%	1.7%	24.2	16.5	47%	19%	40%
ASHTAD GROUP	AHT LN	Industrials	OW	5742	£	29.1	26%	0%	6%	1.4%	17.8	14.1	26%	9%	24%
RYANAIR HOLDINGS	RYA ID	Industrials	OW	21	E	23.3	-	32%	35%	0.0%	9.4	13.0	-27%	15%	45%
AIRBUS	AIR FP	Industrials	OW	168	E	131.0	10%	4%	24%	1.1%	23.9	18.4	30%	21%	34%
MTU AERO ENGINES HLDG.	MTX GR	Industrials	OW	232	E	12.3	24%	13%	11%	0.9%	18.3	18.1	1%	18%	1%
STELLANTIS	STLAM IM	Discretionary	OW	25	E	77.6	12%	-7%	1%	6.2%	4.5	4.8	-6%	23%	52%
BMW	BMW GR	Discretionary	OW	114	E	71.3	-35%	-6%	2%	5.2%	6.9	7.7	-10%	13%	-
INDITEX	ITX SM	Discretionary	OW	46	E	140.7	27%	-	-	-	24.0	24.3	-1%	21%	51%
ADIDAS	ADS GR	Discretionary	OW	200	E	36.0	-154%	-	140%	0.4%	53.6	24.6	118%	15%	22%
RICHEMONT N	CFR SW	Discretionary	OW	138	SF	81.6	78%	-3%	11%	1.8%	19.8	20.4	-3%	22%	-5%
COMPASS GROUP	CPG LN	Discretionary	OW	2221	£	43.9	50%	14%	12%	1.9%	22.1	20.8	6%	4%	10%
COLRUYT GROUP	COLR BB	Staples	OW	42	E	5.3	-27%	61%	9%	1.9%	15.3	17.6	-13%	1%	63%
ANHEUSER-BUSCH INBEV	ABI BB	Staples	OW	55	E	112.0	-5%	10%	14%	1.4%	17.3	19.5	-11%	-6%	-9%
NOVO NORDISK 'B'	NOVOB DC	Health Care	OW	861	DK	520.5	52%	26%	22%	1.1%	34.9	22.7	54%	18%	59%
ASTRAZENECA	AZN LN	Health Care	OW	10736	£	191.8	9%	12%	13%	2.1%	16.1	17.8	-9%	-1%	-5%
SMITH & NEPHEW	SN/ LN	Health Care	OW	966	£	9.8	1%	12%	18%	3.1%	12.5	18.4	-32%	-8%	-14%
UBS GROUP	UBSG SW	Financials	OW	29	SF	98.5	-99%	3493%	106%	2.2%	23.3	10.4	125%	13%	52%
NATWEST GROUP	NWVG LN	Financials	OW	281	£	28.3	38%	-24%	9%	6.1%	7.0	10.3	-32%	27%	7%
ING GROEP	INGA NA	Financials	OW	16	E	54.1	106%	-13%	8%	7.1%	8.3	9.1	-8%	18%	40%
INTESA SANPAOLO	ISP IM	Financials	OW	3	E	60.0	79%	15%	2%	8.7%	7.4	10.1	-27%	23%	45%
LONDON STOCK EXCHANGE GROUP	LSEG LN	Financials	OW	9414	£	58.7	2%	11%	14%	1.2%	25.4	22.7	12%	4%	20%
AMUNDI (WI)	AMUN FP	Financials	OW	66	E	13.2	4%	6%	6%	6.3%	10.2	12.7	-20%	7%	14%
DASSAULT SYSTEMES	DSY FP	IT	OW	40	E	52.9	6%	8%	10%	0.7%	30.1	31.5	-5%	-6%	6%
ASML HOLDING	ASML NA	IT	OW	901	E	356.6	41%	-5%	53%	0.7%	42.2	26.9	57%	39%	46%
ASM INTERNATIONAL	ASM NA	IT	OW	575	E	27.9	-8%	5%	40%	0.5%	42.2	16.3	159%	32%	55%
DEUTSCHE TELEKOM	DTE GR	Telecoms	OW	22	E	109.7	-13%	11%	13%	3.5%	12.1	14.2	-15%	-1%	-1%
BT GROUP	BT/A LN	Telecoms	OW	106	£	12.2	9%	-12%	-1%	7.3%	5.7	8.8	-36%	-13%	-27%
RELX	REL LN	Industrials	OW	3313	£	72.0	12%	7%	9%	1.8%	26.5	19.4	37%	7%	27%
HELLOFRESH	HFG GR	Staples	OW	6	E	1.1	-49%	-24%	59%	0.0%	11.9	19.0	-37%	-51%	-71%
RWE	RWE GR	Utilities	OW	31	E	23.2	30%	-55%	-20%	3.2%	11.9	13.0	-8%	-24%	-21%
ENEL	ENEL IM	Utilities	OW	6	E	60.9	15%	9%	1%	7.1%	9.0	12.0	-24%	-10%	8%
SEGRO	SGRO LN	Real Estate	OW	884	£	13.6	6%	7%	7%	3.1%	24.9	25.3	-1%	2%	15%

Source: Datastream, MSCI, IBES, J.P. Morgan, Prices and Valuations as of COB 04th Apr, 2024. Past performance is not indicative of future returns.

Please see the most recent company-specific research published by J.P. Morgan for an analysis of valuation methodology and risks on companies recommended in this report. Research is available at <http://www.jpmorganmarkets.com>, or you can contact the cover

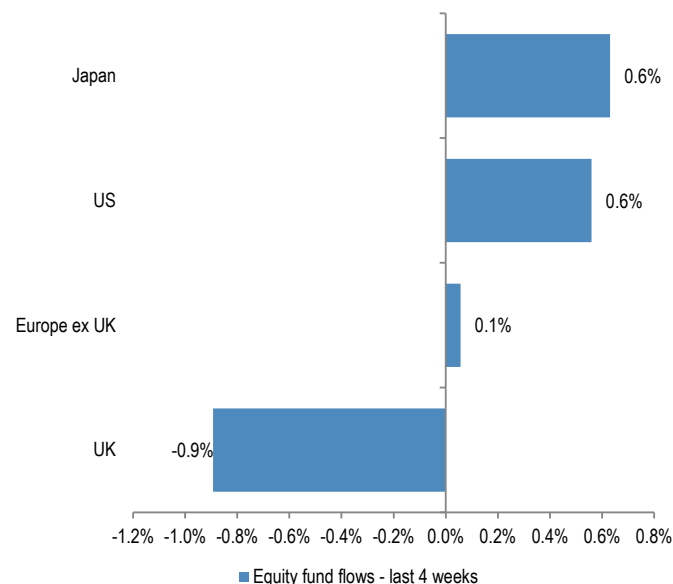
Equity Flows Snapshot

Table 15: DM Equity Fund Flows Summary

	Regional equity fund flows					% AUM				
	\$mn									
	1w	1m	3m	ytd	12m	1w	1m	3m	ytd	12m
Europe ex UK	273	193	-480	-780	-11,721	0.1%	0.1%	-0.1%	-0.2%	-3.9%
UK	-316	-2,407	-6,510	-6,555	-28,583	-0.1%	-0.9%	-2.4%	-2.4%	-10.6%
US	7,072	58,147	78,359	82,276	231,371	0.1%	0.6%	0.8%	0.9%	2.9%
Japan	1,232	5,276	13,520	13,604	24,571	0.1%	0.6%	1.8%	1.8%	3.7%

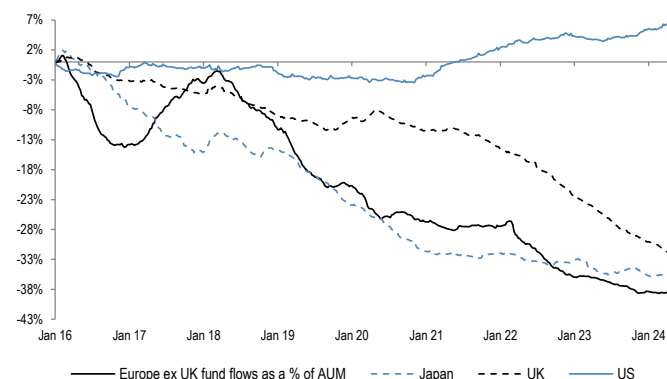
Source: EPFR, as of 03rd Apr, 2024

Figure 25: DM Equity Fund flows – last month



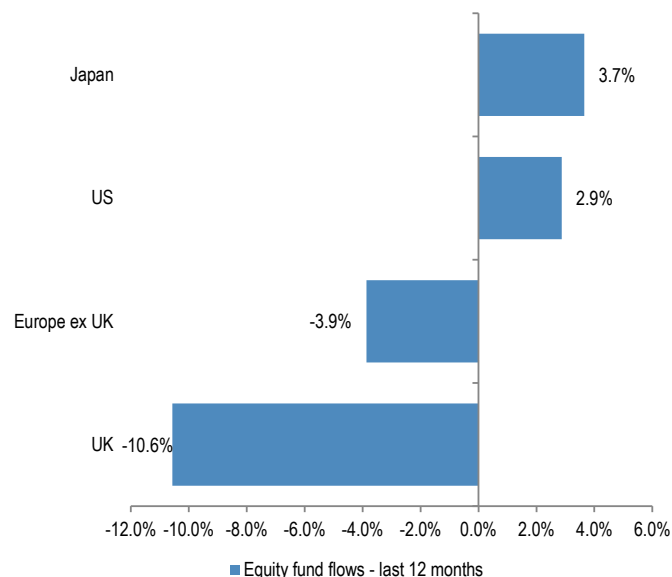
Source: EPFR, Japan includes BoJ purchases.

Figure 27: Cumulative fund flows into regional funds as a percentage of AUM



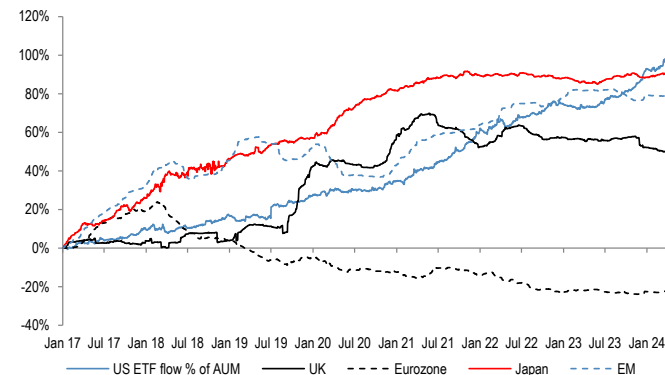
Source: EPFR, as of 03rd Apr, 2024. Japan includes Non-ETF purchases only.

Figure 26: DM Equity Fund flows – last 12 months



Source: EPFR, Japan includes BoJ purchases.

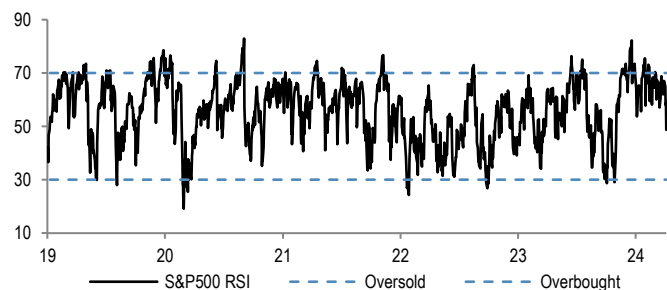
Figure 28: Cumulative fund flows into regional equity ETFs as a percentage of AUM



Source: Bloomberg Finance L.P. *Based on the 25 biggest ETF's with a mandate to invest in that particular region. Japan includes BoJ purchases.

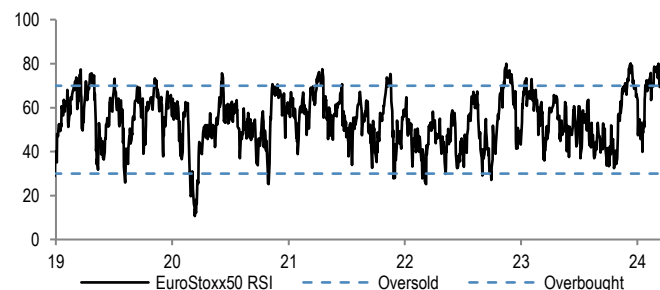
Technical Indicators

Figure 29: S&P500 RSI



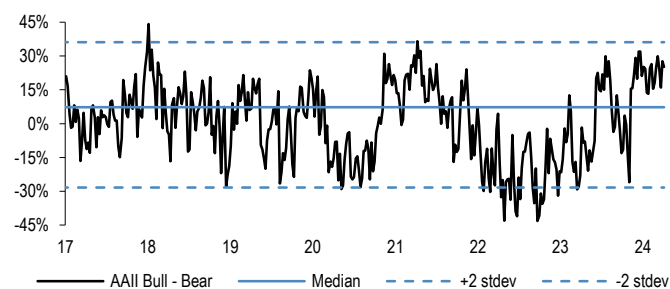
Source: Bloomberg Finance L.P.

Figure 30: EuroStoxx50 RSI



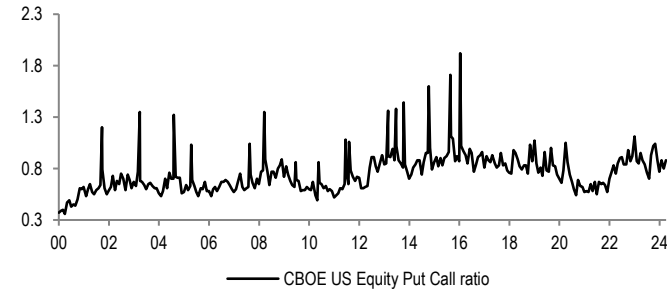
Source: Bloomberg Finance L.P.

Figure 31: AAll Bull-Bear



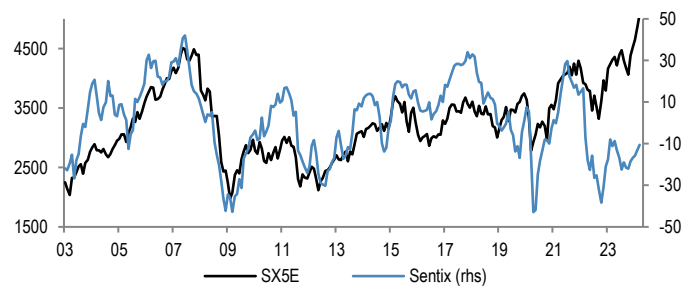
Source: Bloomberg Finance L.P.

Figure 32: Put-call ratio



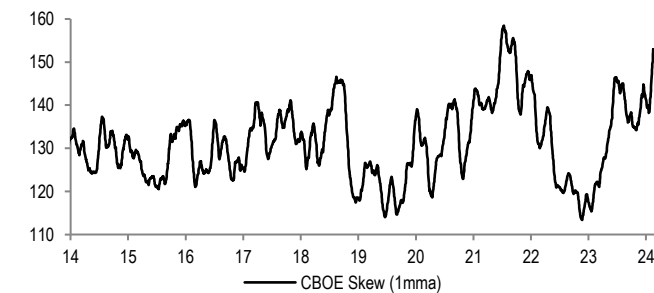
Source: Bloomberg Finance L.P.

Figure 33: Sentix Sentiment Index vs SX5E



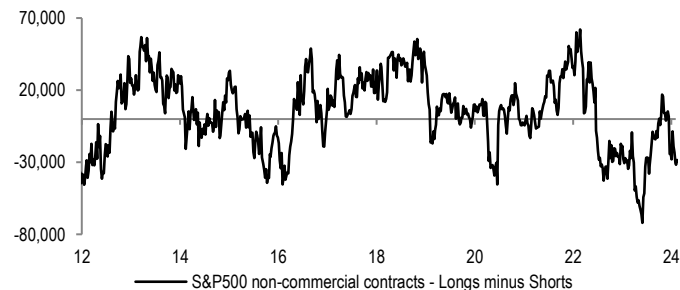
Source: Bloomberg Finance L.P.

Figure 34: Equity Skew



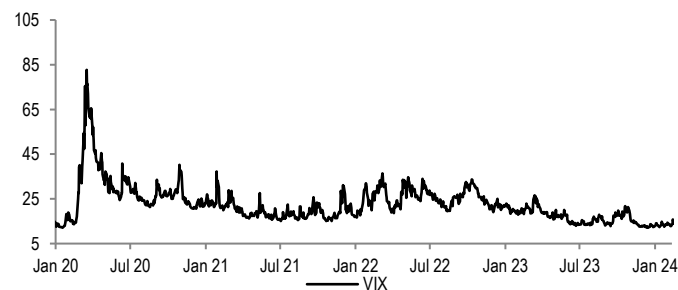
Source: Bloomberg Finance L.P.

Figure 35: Speculative positions in S&P500 futures contracts



Source: Bloomberg Finance L.P.

Figure 36: VIX



Source: Bloomberg Finance L.P.

Performance

Table 16: Sector Index Performances — MSCI Europe

(%change)		Local currency		
Industry Group		4week	12m	YTD
Europe		2.0	10.8	7.4
Energy		9.9	10.4	6.7
Materials		5.9	10.3	4.9
	Chemicals	2.9	10.9	5.4
	Construction Materials	6.3	53.4	23.2
	Metals & Mining	10.7	(5.8)	(3.2)
Industrials		1.9	21.1	9.3
	Capital Goods	2.4	26.3	11.8
	Transport	3.5	(6.0)	(7.3)
	Business Svs	(2.4)	10.4	5.3
Consumer Discretionary		1.8	5.6	11.6
	Automobile	4.5	19.1	17.7
	Consumer Durables	(1.7)	(1.7)	11.2
	Media	2.3	15.9	8.0
	Retailing	12.5	10.3	10.3
	Hotels, Restaurants & Leisure	0.5	6.3	4.4
Consumer Staples		(0.7)	(11.5)	(2.6)
	Food & Drug Retailing	0.5	(8.2)	(4.0)
	Food Beverage & Tobacco	0.4	(13.3)	(1.6)
	Household Products	(3.1)	(8.0)	(4.1)
Healthcare		(1.6)	7.4	6.9
Financials		6.1	23.5	11.7
	Banks	9.5	30.1	14.8
	Diversified Financials	4.4	21.1	8.0
	Insurance	2.4	15.6	10.0
Real Estate		3.2	9.8	(2.8)
Information Technology		(3.9)	31.3	17.9
	Software and Services	(1.6)	41.5	17.8
	Technology Hardware	1.0	(1.2)	0.9
	Semicon & Semicon Equip	(6.0)	32.5	21.4
Telecommunications Services		1.6	(0.8)	3.6
Utilities		0.5	(4.4)	(6.0)

Source: MSCI, Datastream, as at COB 04th Apr, 2024.

Table 17: Country and Region Index Performances

(%change)		Local Currency			US\$		
Country	Index	4week	12m	YTD	4week	12m	YTD
Austria	ATX	5.5	11.7	4.0	4.9	10.6	2.3
Belgium	BEL 20	4.1	2.9	4.4	3.6	1.9	2.7
Denmark	KFX	(4.1)	31.5	15.0	(4.7)	30.1	13.1
Finland	HEX 20	0.8	(7.9)	(2.0)	0.2	(8.7)	(3.6)
France	CAC 40	1.7	11.0	8.1	1.1	9.9	6.3
Germany	DAX	3.1	17.9	9.9	2.6	16.8	8.1
Greece	ASE General	(2.7)	29.7	7.2	(3.3)	28.4	5.5
Ireland	ISEQ	3.7	22.0	14.4	3.1	20.8	12.5
Italy	FTSE MIB	3.1	27.5	13.5	2.5	26.3	11.7
Japan	Topix	0.5	35.1	15.5	(1.9)	17.3	7.3
Netherlands	AEX	1.8	16.6	12.4	1.2	15.5	10.6
Norway	OBX	6.2	8.0	4.4	3.6	3.9	(0.7)
Portugal	BVL GEN	(2.9)	(11.8)	(11.9)	(3.5)	(12.7)	(13.3)
Spain	IBEX 35	7.5	20.8	9.8	6.9	19.7	8.0
Sweden	OMX	2.0	13.8	5.2	(1.2)	10.5	0.3
Switzerland	SMI	1.0	5.6	5.0	(1.9)	5.9	(2.3)
United States	S&P 500	(0.2)	25.5	7.9	(0.2)	25.5	7.9
United States	NASDAQ	(1.4)	32.3	6.9	(1.4)	32.3	6.9
United Kingdom	FTSE 100	3.7	4.5	3.1	2.7	5.7	2.5
EMU	MSCI EMU	2.2	13.8	9.7	1.6	12.7	8.0
Europe	MSCI Europe	2.0	10.8	7.4	0.8	10.4	4.9
Global	MSCI AC World	0.2	22.3	7.9	(0.1)	21.1	6.9

Source: MSCI, Datastream, as at COB 04th Apr, 2024.

Earnings

Table 18: IBES Consensus EPS Sector Forecasts — MSCI Europe

	EPS Growth (%yoy)			
	2023	2024E	2025E	2026E
Europe	(3.6)	3.6	10.2	9.1
Energy	(31.6)	(4.7)	4.1	5.9
Materials	(39.9)	8.8	11.5	7.0
Chemicals	(38.9)	24.6	18.9	11.9
Construction Materials	11.9	12.2	9.4	7.6
Metals & Mining	(46.2)	(5.0)	4.0	1.9
Industrials	1.0	7.2	13.8	12.0
Capital Goods	22.3	11.4	13.5	11.8
Transport	(54.8)	(24.0)	20.8	15.0
Business Svs	3.2	8.9	10.8	11.2
Discretionary	7.9	2.3	10.6	9.5
Automobile	3.3	(3.3)	5.4	6.6
Consumer Durables	(5.8)	4.9	15.1	13.4
Media	1.2	7.4	10.0	11.4
Retailing	52.2	13.4	17.1	7.4
Hotels, Restaurants & Leisure	85.1	21.0	21.2	16.4
Staples	2.5	2.7	8.8	7.6
Food & Drug Retailing	5.3	4.2	11.5	7.0
Food Beverage & Tobacco	2.0	1.7	8.8	7.7
Household Products	2.9	5.0	7.9	7.5
Healthcare	1.1	6.3	14.2	10.3
Financials	15.5	5.4	8.0	9.4
Banks	28.5	0.5	4.6	6.2
Diversified Financials	(22.3)	19.5	22.6	24.8
Insurance	13.3	10.8	8.2	7.8
Real Estate	5.8	2.6	3.8	2.1
IT	14.0	(5.2)	29.1	15.9
Software and Services	18.5	0.1	20.3	14.0
Technology Hardware	(20.6)	9.3	9.2	8.9
Semicon & Semicon Equip	28.0	(12.7)	42.6	19.0
Telecoms	(8.6)	11.0	10.8	8.9
Utilities	(0.2)	(0.1)	1.3	2.2

Source: IBES, MSCI, Datastream. As at COB 04th Apr, 2024.

Table 19: IBES Consensus EPS Country Forecasts

		EPS growth (%change)			
Country	Index	2023	2024E	2025E	2026E
Austria	ATX	(20.5)	(0.7)	5.1	4.1
Belgium	BEL 20	19.3	(10.6)	12.0	13.3
Denmark	Denmark KFX	(14.6)	26.7	22.2	17.2
Finland	MSCI Finland	(25.1)	3.3	12.5	7.8
France	CAC 40	(2.3)	2.6	8.7	7.9
Germany	DAX	0.2	1.8	12.1	10.6
Greece	MSCI Greece	6.8	0.3	3.4	18.7
Ireland	MSCI Ireland	32.5	(1.5)	2.9	6.2
Italy	MSCI Italy	8.8	1.4	2.6	2.9
Netherlands	AEX	(0.5)	(0.1)	13.4	10.1
Norway	MSCI Norway	(40.4)	3.3	5.9	2.2
Portugal	MSCI Portugal	16.9	14.1	5.8	5.1
Spain	IBEX 35	8.3	1.9	4.4	6.9
Sweden	OMX	31.6	0.5	8.4	6.9
Switzerland	SMI	(4.6)	9.7	13.8	10.6
United Kingdom	FTSE 100	(11.0)	1.4	8.2	8.8
EMU	MSCI EMU	3.6	3.1	10.2	8.7
Europe ex UK	MSCI Europe ex UK	0.5	4.3	11.1	9.2
Europe	MSCI Europe	(3.6)	3.6	10.2	9.1
United States	S&P 500	2.2	9.9	13.7	11.8
Japan	Topix	2.9	15.4	9.3	9.2
Emerging Market	MSCI EM	(7.0)	19.5	15.6	10.5
Global	MSCI AC World	(0.2)	9.3	12.8	10.7

Source: IBES, MSCI, Datastream. As at COB 04th Apr, 2024** Japan refers to the period from March in the year stated to March in the following year – EPS post-goodwill

Valuations

Table 20: IBES Consensus European Sector Valuations

	P/E			Dividend Yield			EV/EBITDA			Price to Book		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Europe	10.5	9.6	8.8	3.3%	3.5%	3.8%	8.2	7.6	7.0	1.9	1.8	1.7
Energy	6.0	5.7	5.4	5.2%	5.2%	5.3%	3.4	3.4	3.2	1.3	1.2	1.1
Materials	12.0	10.7	10.1	3.1%	3.3%	3.5%	7.6	7.0	6.6	1.7	1.7	1.5
Chemicals	18.0	15.2	13.6	2.6%	2.8%	3.0%	11.6	10.5	9.7	2.5	2.4	2.2
Construction Materials	10.3	9.4	8.8	2.7%	2.9%	3.0%	7.8	7.4	6.8	1.7	1.6	1.5
Metals & Mining	7.8	7.5	7.4	3.9%	4.1%	4.5%	4.9	4.4	4.3	1.3	1.2	1.1
Industrials	14.6	12.9	11.5	2.3%	2.6%	2.8%	10.2	9.2	8.4	3.3	3.1	2.8
Capital Goods	14.6	12.8	11.5	2.2%	2.4%	2.7%	10.6	9.5	8.7	3.5	3.2	3.0
Transport	13.3	11.0	9.6	3.3%	3.5%	3.5%	7.2	6.6	6.0	1.7	1.6	1.5
Business Svs	16.1	14.5	13.0	2.4%	2.6%	2.8%	12.9	11.9	11.0	6.1	5.5	4.9
Discretionary	10.2	9.2	8.4	2.6%	2.9%	3.2%	5.6	5.2	4.8	2.0	1.8	1.6
Automobile	4.9	4.6	4.4	4.7%	5.0%	5.3%	1.9	1.8	1.7	0.8	0.8	0.6
Consumer Durables	18.1	15.8	13.9	1.7%	2.0%	2.2%	14.6	13.2	11.8	4.4	3.9	3.5
Media & Entertainment	12.5	11.4	10.2	2.2%	2.4%	2.6%	12.0	9.9	9.2	1.8	1.9	2.0
Retailing	11.8	10.1	9.4	2.3%	2.5%	2.8%	10.5	9.9	8.6	3.0	2.8	2.2
Hotels, Restaurants & Leisure	17.2	14.2	12.2	2.2%	2.5%	2.8%	12.5	10.6	9.5	4.2	3.8	3.4
Staples	12.4	11.4	10.6	3.2%	3.4%	3.6%	10.7	10.0	9.3	2.8	2.7	2.5
Food & Drug Retailing	8.9	7.9	7.4	4.1%	4.5%	4.8%	6.0	5.7	5.4	1.5	1.5	1.4
Food Beverage & Tobacco	12.1	11.2	10.4	3.5%	3.7%	4.0%	10.6	9.9	9.1	2.6	2.4	2.3
Household Products	14.3	13.2	12.3	2.5%	2.6%	2.8%	13.7	12.7	12.0	4.1	3.9	3.8
Healthcare	13.1	11.5	10.4	2.4%	2.6%	2.9%	12.5	11.0	9.8	3.5	3.2	2.9
Financials	6.9	6.4	5.9	5.4%	5.5%	6.0%	-	-	-	1.1	1.0	1.0
Banks	5.4	5.2	4.9	7.0%	7.0%	7.4%	-	-	-	0.8	0.8	0.7
Diversified Financials	11.3	9.2	7.6	2.3%	2.6%	2.9%	-	-	-	1.4	1.5	1.4
Insurance	8.1	7.4	6.9	5.5%	5.8%	6.3%	-	-	-	1.7	1.6	1.5
Real Estate	10.4	10.1	9.9	4.1%	4.4%	4.6%	-	-	-	0.8	0.8	0.8
IT	22.6	17.5	15.1	1.1%	1.3%	1.4%	18.9	15.0	13.0	5.2	4.6	4.1
Software and Services	22.9	19.0	16.7	1.2%	1.4%	1.5%	20.0	16.2	14.2	4.6	4.2	3.8
Technology Hardware	11.7	10.7	9.8	2.6%	2.7%	2.9%	9.1	8.2	7.1	1.9	1.8	1.6
Semicon & Semicon Equip	26.5	18.6	15.6	0.8%	1.0%	1.1%	22.6	16.5	14.1	8.6	7.2	6.0
Communication Services	10.5	9.4	8.7	4.3%	4.4%	4.6%	6.6	6.1	5.8	1.4	1.4	1.3
Utilities	9.0	8.9	8.7	5.3%	5.5%	5.5%	8.0	8.1	8.3	1.5	1.4	1.3

Source: IBES, MSCI, Datastream. As at COB 04th Apr, 2024.

Table 21: IBES Consensus P/E and 12-Month Forward Dividend Yields — Country Forecasts

Country	Index	P/E				Dividend Yield
		12mth Fwd	2024E	2025E	2026E	12mth Fwd
Austria	ATX	5.8	5.9	5.6	5.2	7.8%
Belgium	BEL 20	11.4	11.7	10.5	9.2	4.1%
Denmark	Denmark KFX	20.1	21.3	17.4	14.9	2.3%
Finland	MSCI Finland	10.9	11.2	10.0	9.3	6.1%
France	CAC 40	9.9	10.1	9.3	8.6	4.4%
Germany	DAX	9.2	9.5	8.5	7.7	4.4%
Greece	MSCI Greece	22.3	22.5	21.7	17.6	2.4%
Ireland	MSCI Ireland	8.2	8.3	8.1	7.6	4.7%
Italy	MSCI Italy	6.8	6.9	6.7	6.5	7.3%
Netherlands	AEX	11.6	11.9	10.5	9.7	3.3%
Norway	MSCI Norway	8.0	8.1	7.7	7.5	8.5%
Portugal	MSCI Portugal	10.1	10.2	9.7	9.2	5.7%
Spain	IBEX 35	8.3	8.4	8.0	7.5	6.3%
Sweden	OMX	11.4	11.6	10.7	10.1	5.0%
Switzerland	SMI	12.7	13.1	11.5	10.4	4.5%
United Kingdom	FTSE 100	8.3	8.5	7.8	7.2	5.5%
EMU	MSCI EMU	10.0	10.2	9.3	8.6	4.5%
Europe ex UK	MSCI Europe ex UK	11.0	11.3	10.2	9.3	4.3%
Europe	MSCI Europe	10.3	10.5	9.6	8.8	4.6%
United States	S&P 500	15.3	15.9	14.0	12.5	2.0%
Japan	Topix	11.1	12.2	11.1	10.2	3.0%
Emerging Market	MSCI EM	9.0	9.3	8.1	7.2	4.0%
Global	MSCI AC World	13.2	13.6	12.0	11.0	2.8%

Source: IBES, MSCI, Datastream. As at COB 04th Apr, 2024; ** Japan refers to the period from March in the year stated to March in the following year – P/E post goodwill.

Economic, Interest Rate and Exchange Rate Outlook

Table 22: Economic Outlook in Summary

	Real GDP % oya			Real GDP % over previous period, saar						Consumer prices % oya			
	2023E	2024E	2025E	3Q23	4Q23	1Q24E	2Q24E	3Q24E	4Q24E	4Q23	2Q24E	4Q24E	2Q25E
United States	2.5	2.3	1.6	4.9	3.4	2.2	1.5	0.8	0.8	3.2	3.0	2.8	2.3
Eurozone	0.5	0.4	1.0	-0.2	-0.2	0.5	0.7	0.7	0.7	2.7	2.6	2.3	1.8
United Kingdom	0.1	0.1	0.1	-0.5	-1.2	1.0	0.8	0.0	-0.5	4.2	1.5	2.3	2.6
Japan	1.9	0.7	0.8	-3.2	0.4	1.0	1.7	1.0	0.8	2.9	3.2	3.1	2.6
Emerging markets	4.2	4.1	3.6	5.8	3.9	4.6	3.7	3.7	3.6	3.7	4.0	3.4	3.3
Global	2.7	2.5	2.3	3.6	2.6	2.8	2.3	2.0	2.0	3.4	3.3	3.0	2.6

Source: J.P. Morgan economic research J.P. Morgan estimates, as of COB 28th Mar, 2024

Table 23: Official Rates Outlook

	Official interest rate	Current	Last change (bp)	Forecast for				
				Forecast next change (bp)	Jun 24	Sep 24	Dec 24	Mar 25
United States	Federal funds rate	5.50	26 Jul 23 (+25bp)	Jun 24 (-25bp)	5.25	5.00	4.75	4.50
Eurozone	Depo rate	4.00	14 Sep 23 (+25bp)	Jun 24 (-25bp)	3.75	3.50	3.00	2.50
United Kingdom	Bank Rate	5.25	03 Aug 23 (+25bp)	Aug 24 (-25bp)	5.25	5.00	4.50	4.00
Japan	Pol rate IOER	0.10	19 Mar 24 (+20bp)	3Q24 (+15bp)	0.10	0.25	0.50	0.50

Source: J.P. Morgan estimates, Datastream, as of COB 28th Mar, 2024

Table 24: 10-Year Government Bond Yield Forecasts

10 Yr Govt BY	Forecast for end of				
	5-Apr-24	Jun 24	Sep 24	Dec 24	Mar 25
US	4.33	4.15	4.05	4.00	3.90
Euro Area	2.37	2.20	2.05	1.90	1.80
United Kingdom	4.05	4.05	3.95	3.80	3.65
Japan	0.79	0.85	1.05	1.30	1.30

Source: J.P. Morgan estimates, Datastream, forecasts as of COB 28th Mar, 2024

Table 25: Exchange Rate Forecasts vs. US Dollar

Exchange rates vs US\$	Forecast for end of				
	4-Apr-24	Jun 24	Sep 24	Dec 24	Mar 25
EUR	1.09	1.05	1.05	1.09	1.12
GBP	1.27	1.22	1.22	1.25	1.29
CHF	0.90	0.92	0.91	0.89	0.87
JPY	151	148	146	144	142
DXV	104.1	106.3	106.1	102.9	100.2

Source: J.P. Morgan estimates, Datastream, forecasts as of COB 22nd Mar, 2024

Sector, Regional and Asset Class Allocations

Table 26: J.P. Morgan Equity Strategy — European Sector Allocation

		MSCI Europe Weights	Allocation	Deviation	Recommendation
Energy		5.6%	8.0%	2.4%	OW
Materials		7.0%	6.0%	-1.0%	N
	Chemicals				UW
	Construction Materials				N
	Metals & Mining				N
Industrials		15.8%	14.0%	-1.8%	N
	Capital Goods ex Aerospace & Defence				UW
	Aerospace & Defence				OW
	Transport				N
	Business Services				N
Consumer Discretionary		9.1%	7.0%	-2.1%	UW
	Automobile				UW
	Consumer Durables				N
	Consumer Svcs				UW
	Specialty Retail				UW
	Internet Retail				UW
Consumer Staples		11.7%	13.0%	1.3%	OW
	Food & Drug Retailing				UW
	Beverages				OW
	Food & Tobacco				OW
	Household Products				OW
Healthcare		16.0%	18.0%	2.0%	OW
Financials		18.1%	14.0%	-4.1%	UW
	Banks				UW
	Insurance				N
Real Estate		0.9%	2.0%	1.1%	OW
Information Technology		7.1%	7.0%	-0.1%	N
	Software and Services				N
	Technology Hardware				N
	Semicon & Semicon Equip				UW
Communication Services		4.5%	5.0%	0.5%	OW
	Telecommunication Services				OW
	Media				N
Utilities		4.4%	6.0%	1.6%	OW
		100.0%	100.0%	0.0%	Balanced

Source: MSCI, Datastream, J.P. Morgan.

Table 27: J.P. Morgan Equity Strategy — Global Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
EM	10.0%	10.0%	0.0%	Neutral
DM	90.0%	90.0%	0.0%	Neutral
US	70.9%	68.0%	-2.9%	Neutral
Japan	6.2%	8.0%	1.8%	Overweight
Eurozone	8.6%	8.0%	-0.6%	Neutral
UK	3.8%	6.0%	2.2%	Overweight
Others*	10.5%	10.0%	-0.5%	Neutral
	100.0%	100.0%	0.0%	Balanced

Source: MSCI, J.P. Morgan *Other includes Denmark, Switzerland, Australia, Canada, Hong Kong SAR, Sweden, Singapore, New Zealand, Israel and Norway

Table 28: J.P. Morgan Equity Strategy — European Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
Eurozone	51.0%	48.0%	-3.0%	Neutral
United Kingdom	22.6%	25.0%	2.4%	Overweight
Others**	26.5%	27.0%	0.5%	Overweight
	100.0%	100.0%		Balanced

Source: MSCI, J.P. Morgan **Other includes Denmark, Switzerland, Sweden and Norway

Table 29: J.P. Morgan Equity Strategy — Asset Class Allocation

	Benchmark weighting	Allocation	Deviation	Recommendation
Equities	60%	55%	-5%	Underweight
Bonds	30%	35%	5%	Overweight
Cash	10%	10%	0%	Neutral
	100%	100%	0%	Balanced

Source: MSCI, J.P. Morgan



Click [here](#) for our weekly podcast

Anamil Kochar (anamil.kochar@jpmchase.com) of J.P. Morgan India Private Limited is a co-author of this report.

Companies Discussed in This Report (all prices in this report as of market close on 05 April 2024, unless otherwise indicated)
Centrica(CNA.L/124p/OW), E.ON(EONGn.DE/€12.40/OW), EDP(EDP.LS/€3.49/OW), ENEL(ENEL.MI/€5.91/OW),
Engie(ENGIE.PA/€15.40/OW), SEGRO(SGRO.L/867p/OW), SSE Plc(SSE.L/1,590p/OW)

Analyst Certification: The Research Analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst’s personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFA requirements, that the Research Analyst’s analysis was made in good faith and that the views reflect the Research Analyst’s own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting <https://www.jpmm.com/research/disclosures>, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: Overweight (over the duration of the price target indicated in this report, we expect this stock will outperform the average total return of the stocks in the Research Analyst’s, or the Research Analyst’s team’s, coverage universe); Neutral (over the duration of the price target indicated in this report, we expect this stock will perform in line with the average total return of the stocks in the Research Analyst’s, or the Research Analyst’s team’s, coverage universe); and Underweight (over the duration of the price target indicated in this report, we expect this stock will underperform the average total return of the stocks in the Research Analyst’s, or the Research Analyst’s team’s, coverage universe. NR is Not Rated. In this case, J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap Equity Research, each stock’s expected total return is compared to the expected total return of a benchmark country market index, not to those Research Analysts’ coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying Research Analyst’s coverage universe can be found on J.P. Morgan’s Research website, <https://www.jpmorganmarkets.com>.

J.P. Morgan Equity Research Ratings Distribution, as of April 06, 2024

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	48%	39%	14%
IB clients**	49%	45%	35%
JPMS Equity Research Coverage*	46%	42%	12%
IB clients**	70%	66%	52%

*Please note that the percentages may not add to 100% because of rounding.

**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.

For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at <http://www.jpmorganmarkets.com>, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, <http://www.jpmorganmarkets.com>. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of <http://www.jpmorganmarkets.com> where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of J.P. Morgan Securities LLC, may not be registered as research analysts under FINRA rules, may not be associated persons of J.P. Morgan Securities LLC, and may not be subject to FINRA Rule 2241 or 2242 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to [UK MIFID Research Unbundling exemption](#) for details of J.P. Morgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see <https://www.jpmorgan.com/disclosures/cryptoasset-disclosure>.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit <https://www.theocc.com/components/docs/riskstoc.pdf> for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:

Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA" - Central Bank of Argentina) and Comisión Nacional de Valores ("CNV" - Argentinian Securities Commission - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market Participant of ASX Limited, a Clearing and Settlement Participant of ASX Clear Pty Limited and a Clearing Participant of ASX Clear (Futures) Pty Limited. This material is issued and distributed in Australia by or on behalf of

JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting <https://www.jpmm.com/research/disclosures>. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: [J.P. Morgan Australia - Research Independence Policy](#). **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / 0800-7700810 (For Hearing Impaired) / ouvidoria.jp.morgan@jpmorgan.com. **Canada:** J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC):** JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India:** J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai - 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number - INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: <http://www.jpimpl.com>. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpimpl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea:** J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan:** JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico:** J.P. Morgan Casa de Bolsa, S.A. de C.V. and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Philippines:** J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Singapore:** This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 030/08/2023 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA).

This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. **South Africa:** J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA). **Taiwan:** J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material. **Thailand:** This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as “UK relevant persons”. This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: [J.P. Morgan EMEA - Research Independence Policy](#). **U.S.:** J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying,

distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: <https://www.jpmorgan.com/disclosures/email>

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2024. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to [msci.com/disclaimer](https://www.msci.com/disclaimer)

Sustainalytics: Certain information, data, analyses and opinions contained herein are reproduced by permission of Sustainalytics and: (1) includes the proprietary information of Sustainalytics; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product or project; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. Sustainalytics is not responsible for any trading decisions, damages or other losses related to it or its use. The use of the data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>. ©2024 Sustainalytics. All Rights Reserved.

"Other Disclosures" last revised April 06, 2024.

Copyright 2024 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Completed 08 Apr 2024 12:37 AM BST

Disseminated 08 Apr 2024 03:00 AM BST