J.P.Morgan

Global Markets Strategy
28 September 2026

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Equity Strategy

Tech de-rating became advanced in a number of areas

- Broad Tech/AI ecosystem has stalled for 3 months, from June till last week - top chart. Where to from here? We find **positioning in the space is cleaner, de-rating in a majority of areas has been very significant, capex upswing will likely stay intact, despite some recent slowdown headlines**, **earnings strength is continuing**, and **monetisation cases are building**, all of which should support re-engagement with the group, in our view.
- While the **Tech performance likely improves vs last 3 months stalling**, we called for momentum unwind in the summer, given extreme positioning at the time, and argued that in 2H Tech/AI was unlikely to dominate, unlikely to be "the only game in town." We maintain this stance of no return to past extreme levels of success, but still **we find plenty of opportunities within AI complex.**
- Software vs Semis showed an exceptional squeeze two weeks back, on the back of the frontier models slowdown news. We are skeptical that much slowing will materialize in the end, as the race remains an existential, winner takes all, one. **We argued at end July that one should return to a bullish Semis stance**, on continued strength in earnings. The price vs profits gap that opened up during the summer's momentum unwind episode is significant. This should help Korea, and indirectly EM, to work, as well.
- We entered the year with a continued cautious call on **stocks at risk of AI cannibalisation, mainly in Software, Business Services and Media sectors**, but **have in March argued that better trading was likely**, as the space had a torrid spell of performance - middle chart, and as **valuations have turned record cheap**. Fundamentally though, the profitability of the group will keep being questioned, we fear, and this set of stocks is likely to lag other parts of the AI ecosystem. We do not think Software is a good naked short, given the dramatic de-rating, but Semis vs Software pair trade should be re-entered. In 1H, when Semis hands down beat Software, relative earnings trends confirmed this. Since June, the reversal in price performance took place, but Semis forward earnings continued to move higher, by 30%, in contrast to Software, which saw almost no earnings uplift.
- **Mag-7 have been de-rating, as well, to now be the cheapest in 10 years** - bottom chart. In March, we highlighted that this might have become overdone, too. To be clear, we think that the changing business models, with higher leverage and falling free cash flow, do call for multiple compression, but a chunk of that has already happened. The performance of hyperscalers will likely be supported by earnings strength, a part of which could be taken away in possible further de-rating, but not all.
- At the overall market level, we keep the view that it is set to resume advancing once oil&rates volatility subsides, and September poor seasonals move behind us. This is **especially the case as we are approaching what will likely be strong Q3 results, in October**. Better Tech performance would clearly be a help for the market, given the big weights. Having said that, we do not think that it is critical, the market might not need AI to outperform in order to progress higher. Case in point is the episode of momentum unwind, where Kospi, SOX etc. all had big falls during June-July, but overall equities held up, and made fresh highs in August, before the recent bout of Brent/yields driven volatility.

Equity Strategy

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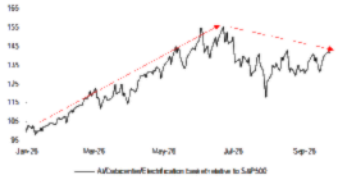
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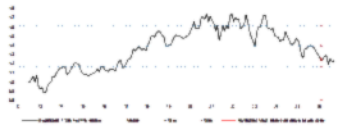
AI ecosystem had a volatile 3 months, since June... we think better trading is ahead...



...Software, Business Services and Media, all of which we entered the year cautious on, have had a torrid performance, and have derated to record lows, so even there one can find some support, but don't overstay your welcome..



...Mag-7 de-rated to cheapest in 10 years... we argued in March that this was an opportunity for better performance



Source: IBES, Bloomberg Finance L.P., Datastream

See page 27 for analyst certification and important disclosures, including non-US analyst disclosures.

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Table Of Contents

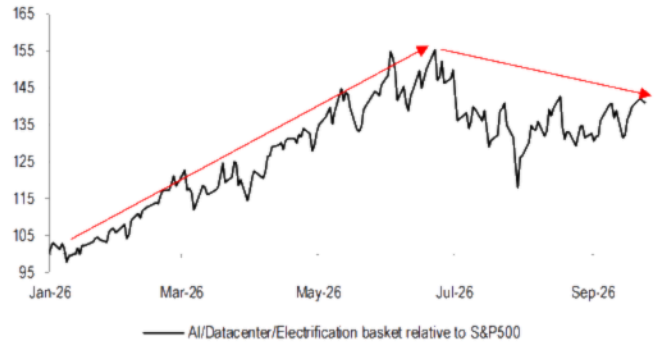
Tech de-rating became advanced in a number of areas 3
Appendix 13
Equity Strategy Key Calls and Drivers 16
Top Picks 17
Equity Flows Snapshot 18
Technical Indicators 19
Performance 20
Earnings 21
Valuations 22
Economic, Interest Rate and Exchange Rate Outlook 24
Sector, Regional and Asset Class Allocations 25

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Tech de-rating became advanced in a number of areas

Tech de-rating has become advanced… where does the sector go from here?

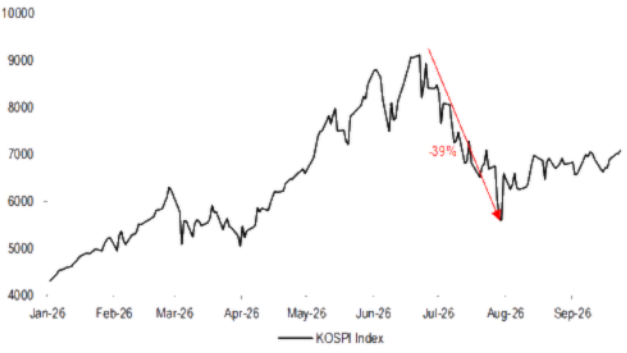
Figure 1: US AI basket relative



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

The Tech/AI rally seen at the start of the year stalled over the summer, on a combination of stretched positioning and concerns over the durability and monetization of AI capex.

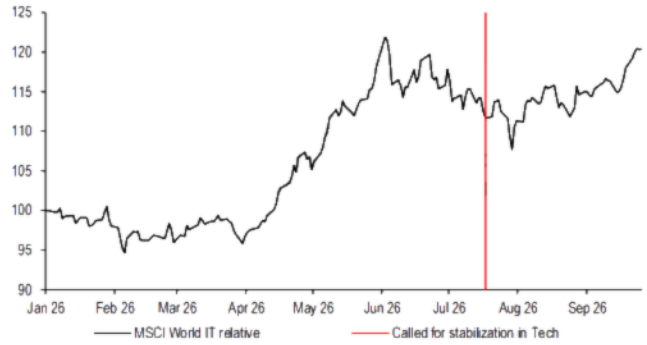
Figure 2: KOSPI index



Source: Bloomberg Finance L.P.

Korean equities in particular took a hit as concerns over potential memory demand destruction were amplified by the growth of leveraged ETFs. Our Asia Tech sector research team flagged that investor concerns are driven by: 1) HBM de-specification (downgrading to cheaper/ slower grade); 2) Algorithmic efficiency reducing memory consumption per function; 3) Offloading more KV-cache ("scratchpad" of everything an AI model processes when interacting with a user) storage to lower memory tiers such as DDR or NAND, among others.

Figure 3: MSCI World IT relative



Source: Bloomberg Finance L.P.

Global Tech relative performance has been stabilizing over the last two months, and the recent launch of MetaMuse has reignited interest in the sector. While AI demand itself is not under debate, the question of where the value will accrue is still in focus.

Tech may not return to past levels of success… still, the fundamental case is constructive and there are plenty of opportunities within the AI complex….

Figure 4: SOX Index

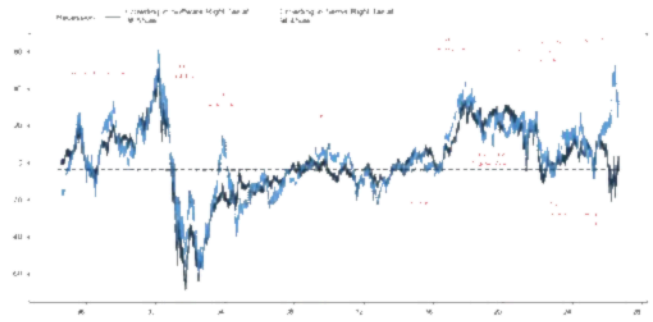


Source: Bloomberg Finance L.P.

With positioning in the space cleaner, we called in late July for stabilization and re-engagement. We argued that while Tech should fare better given strong earnings, fundamental support and a better starting point post positioning unwind, the group was unlikely to lead market returns.

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Figure 5: US Semis vs Software positioning



Source: JPM US Semis Equity Research team

Crowded positoning in the Semis space is being unwound, while Software shorts/weak positioning in Software is also normalizing.

Software stabilized, post a poor spell… one should not overstay their welcome, though…

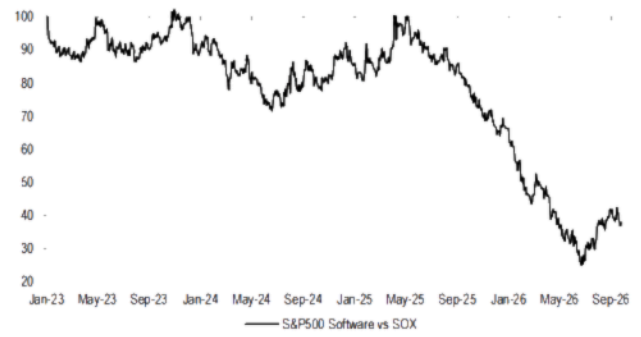
Figure 6: S&P500 Software relative



Source: Bloomberg Finance L.P.

Software stocks have underperformed since mid-last year, as investors feared their business and revenue models would no longer be relevant with the growth of AI.

Figure 7: S&P500 Software vs SOX



Source: Bloomberg Finance L.P.

The group's vs. SOX is notable. There has been growing interest in the sector since the summer though, driven by reassuring corporate commentary during the earnings season, and the more recent call by AI leaders for a pause in the development of their models.

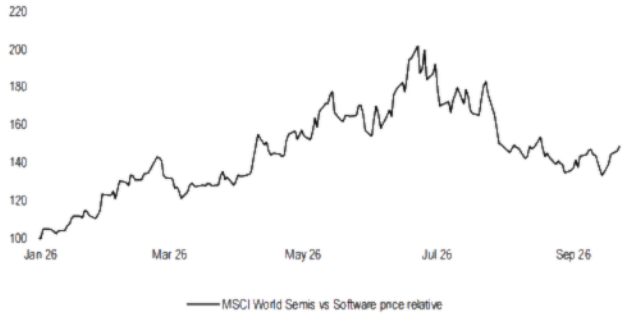
Table 1: Top instances when S&P500 Software vs SOX had biggest 1 day move

	US Software vs Semis 1 day move
27-Jul-00	8.4%
10-Oct-00	9.5%
17-Oct-00	8.7%
24-Oct-00	8.9%
02-Apr-01	10.1%
18-Sep-01	8.2%
27-Jan-25	8.2%
23-Jun-26	8.7%
26-Jun-26	10.2%
01-Jul-26	9.3%
14-Sep-26	12.2%

Source: Bloomberg Finance L.P., 2025 onwards refers to JPM basket (JPPQSFSM) move, pre 2025 refers to S&P500 Software vs SOX

Anthropic CEO Dario's comment on the need to "pace the AI frontier" led to a 12% Software vs. Semis outperformance on the day.

Figure 8: MSCI World Semis vs Software price relative



Source: Datastream

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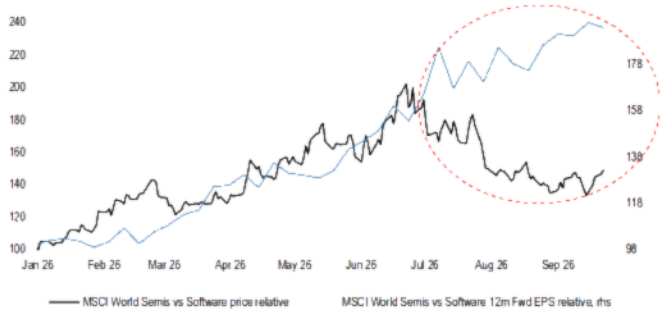
Table 2: MSCI World Semis vs Software Price, EPS and PE move around peak

MSCI World		Jan '26 to Peak	Peak to Current	YTD move
Semis	Price move	57%	-7%	47%
	2026e EPS Levels	26%	9%	37%
	2027e EPS Levels	47%	22%	79%
	2028e EPS Levels	44%	33%	91%
	12m Fwd EPS	62%	30%	111%
	12m Fwd PE	-10%	-30%	-37%
Software	Price move	-22%	29%	1%
	2026e EPS Levels	-4%	0%	-4%
	2027e EPS Levels	2%	-3%	-1%
	2028e EPS Levels	3%	-1%	2%
	12m Fwd EPS	6%	3%	9%
	12m Fwd PE	-23%	16%	-10%

Source: IBES

Still, since the peak in Semis vs Software in June, earnings upgrades in Software have not materialized, while Semis stocks have continued to see upward EPS revisions.

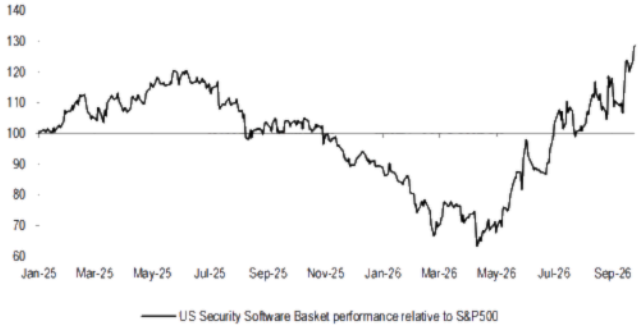
Figure 9: MSCI World Semis vs Software Price and EPS relative



Source: Datastream, IBES

While we do not think Software is a good naked short, given the dramatic de-rating, the Semis vs. Software pair trade could prove to be more interesting. We are skeptical that much slowing will materialize in the end, and the growth of AI still questions the long-term outlook for Software. Lower model costs reduce barriers to entry for software companies and in-house software development, and there are already signs of intensifying competition in the sector. We note that a meaningful gap has opened up between the relative price performance and relative EPS of Semis vs Software, which could be a good buying opportunity.

Figure 10: JPM US Security Software basket performance relative to S&P500



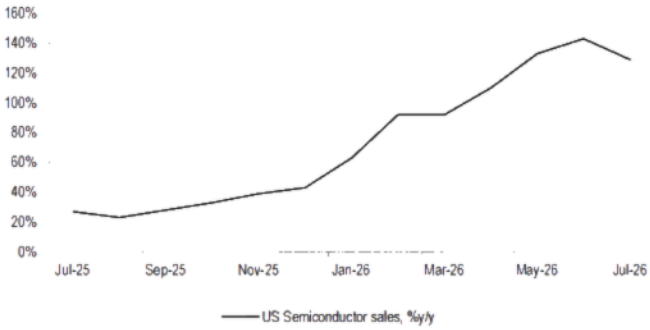
Source: Bloomberg Finance L.P., JPMorgan

Within Software, shares of cybersecurity companies have rallied meaningfully in recent months, as security threats posed by AI models become increasingly more worrisome. While some of these stocks have fairly rich multiples now, AI security theme is likely to remain a relevant one.

… we maintain our preference for Semis

At the same time, Semis stocks have taken a hit, exacerbated by extreme positoning, as investors pose a number of questions on the longevity of the trade. These include potentially lower compute requirements, regulatory risks, and the feasibility of the next leg of Hyperscaler capex as cash flow turns negative, as well as concerns around competition from China and demand risk from customers moving to lower-grade chips.

Figure 11: US Semiconductor sales growth

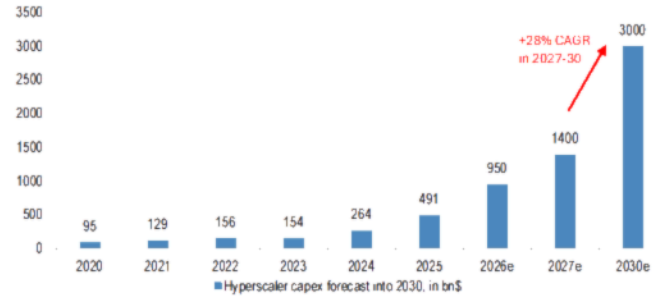


Source: J.P. Morgan US Semis Research team

However, our Semis research analysts emphasize that the growth outlook for the sector is strong: industry fundamentals remain healthy, with demand-supply balance unlikely before 2028 and pricing expected to keep rising into 2027- see reports from our sector analysts here and here.

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Figure 12: Hyperscalers capex forecast into 2030



Source: J.P. Morgan.

They also highlight that AI economics still support buying compute, model advancements are accelerating, and there is room for strong capex growth over the next two years via operating cash flow growth, debt issuance, and equity funding.

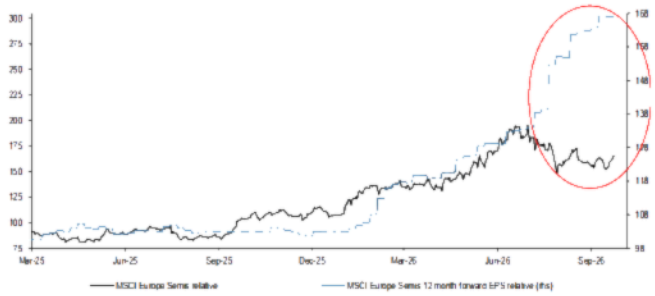
Table 3: Tech company commentary on demand outlook

Company Name	Commentary
Texas Instruments	TXN demand trends across industrial, automotive, data center, and consumer were described as "relatively strong," with cyclical recovery continuing in core industrial/auto and augmented by strong data center/AI growth. Auto growth was supported by China/U.S./Rest of Asia, EV/hybrid focus, and low inventories at Tier-1 suppliers/OEMs, while industrial demand was strong in aerospace & defense, energy infrastructure, and ATE.
Arm Holdings	Arm continued to see strong datacenter/cloud/AI demand as customers including NVIDIA, AWS, Microsoft, and Google ramp ARM-based compute platforms. Cloud/AI royalty mix was growing 2x Y/Y, and Arm's 3nm AGI CPU remained on track for an initial ramp in March quarter 2027.
Analog devices	ADI's recovery had broadened meaningfully across end-markets and geographies, with growth across essentially all end-markets. Industrial demand was supported by ATE, A&D, and data-center-related energy infrastructure, while automotive growth continued despite soft SAAR due to content gains such as ADAS.
Applied Materials	AMAT guided materially above expectations, reflecting an acceleration in customer demand over the prior ~90 days as customers expanded cleanroom availability for incremental tool deliveries. Management also described unusually strong visibility, including detailed eight-quarter demand forecasts from its largest customers.
Broadcom	Broadcom management said inference demand is accelerating the custom XPU adoption curve, with leading frontier model builders potentially moving toward a roughly 50/50 XPU/GPU mix next year. Customers were also attempting to pull in XPU schedules and pursue more design variants as inference workloads evolve toward reasoning and agentic workloads.

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

Company commentary this quarter suggests demand is still accelerating.

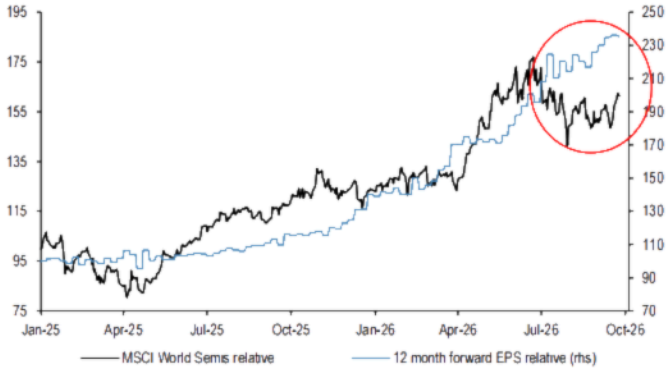
Figure 13: MSCI Europe Semis - Price and EPS relative



Source: Datastream, IBES

Given the solid fundamentals and continued upward revision of earnings estimates, we believe the recent pullback in Semis is healthy. With positoning in the space now cleaner, we think our bullish Semis stance should have legs.

Figure 14: MSCI World Semis price relative and EPS relative

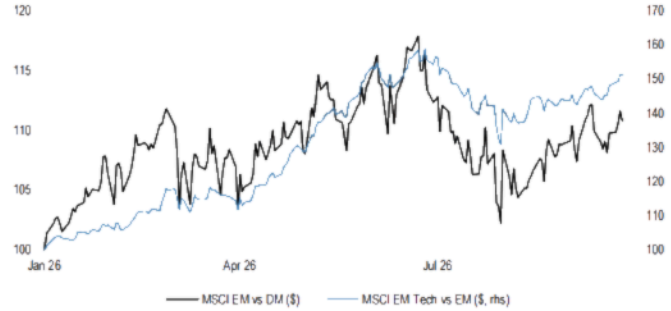


Source: IBES

The gap between Semis price performance and earnings delivery is notable for global indices too.

Our US Equity Strategy team have also outlined their bullish stance on US Tech sector here and here.

Figure 15: MSCI EM vs DM and EM Tech relative ($)



Source: Datastream

Better trading in the Tech sector should help Korea, and indirectly EM as well.

Key trades within the Semis supply chain

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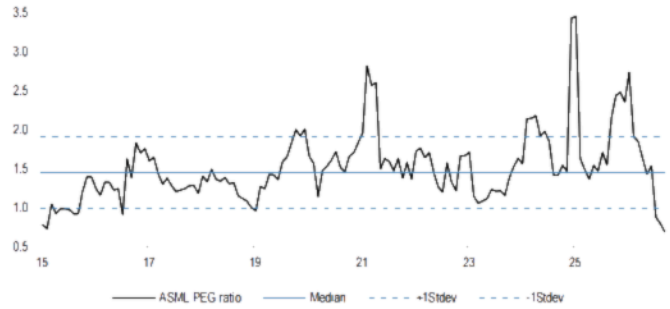
Figure 16: Global SPE shipment trend excluding China, $bn



Source: J.P. Morgan European Semis Research team

Within Semis, our sector analysts flag the SPE sub-sector as an important beneficiary of higher capex, with ASML being the key European SPE.

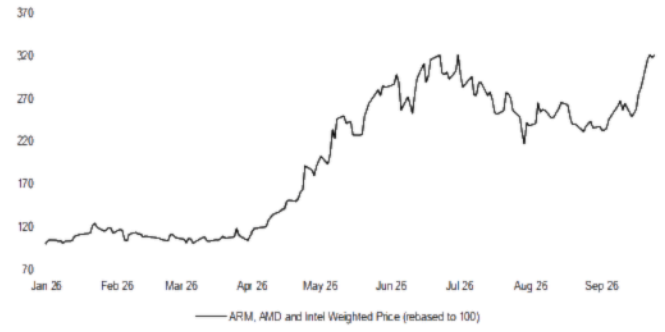
Figure 17: ASML PEG ratio



Source: IBES

Interestingly, ASML is trading cheap on PEG ratio, as investors bet on earnings downgrades. Our sector analysts, however, view this as a good buying opportunity, believing fundamentals for the group will ultimately prove to be solid.

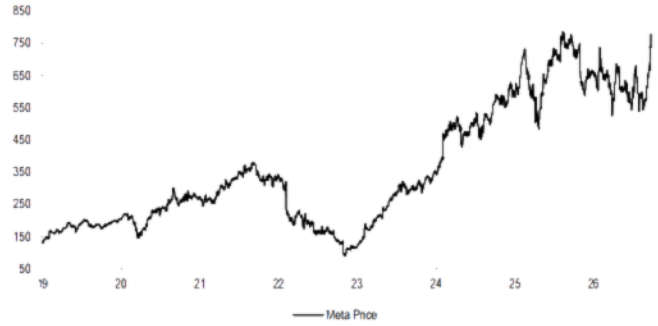
Figure 18: ARM, AMD and Intel Weighted Price (rebased to 100)



Source: Bloomberg Finance L.P.

In addition, the recent launch of MetaMuse drove a spike in not only its own share price, but also the share prices for a number of Semis stocks, particularly those focusing on CPUs.

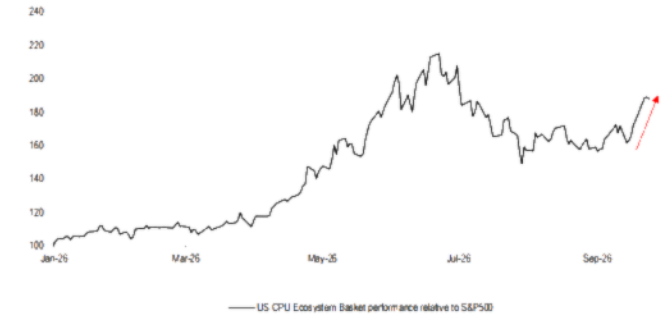
Figure 19: Meta share price since 2019



Source: Bloomberg Finance L.P.

Meta is now trading at all-time-highs.

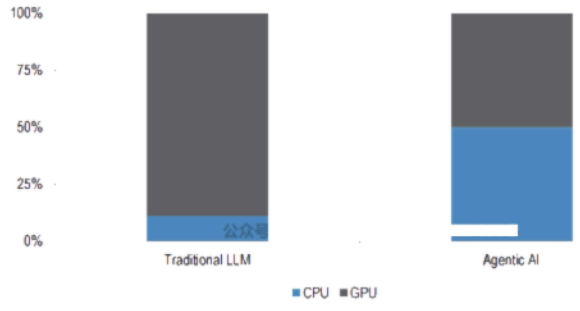
Figure 20: US CPU Ecosystem Basket performance relative to S&P500



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

J.P. Morgan's US CPU Ecosystem Basket provides exposure to leading US-listed companies at the forefront of CPU design, manufacturing, and enablement.

Figure 21: CPU:GPU shift in agentic AI applications

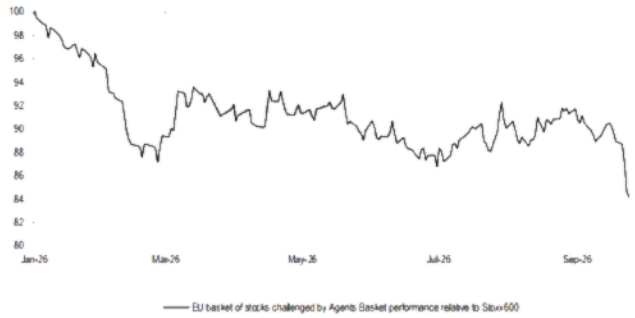


Source: J.P. Morgan

While the rise of Agentic AI should imply greater compute, we note that the CPU/GPU ratio broadens with this transition in technology. Our Tech research team higlights that the traditional LLM infrastructure has a GPU-heavy architecture, with CPU/GPU ratios of 1:4 to 1:8. For Agentic AI, that ratio shifts towards 1:1, and could even become CPU- heavier as agents create more orchestration, data movement, tool-use, and state-management workloads.

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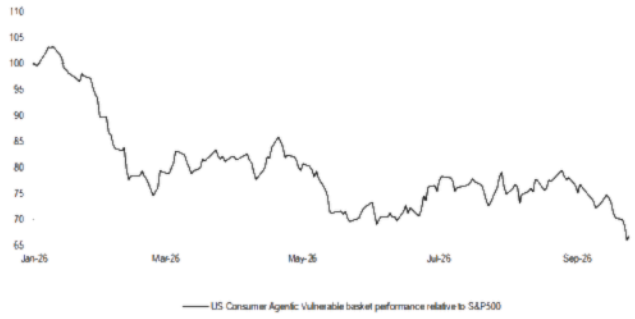
Figure 22: EU stocks challenged by Agents basket, performance relative to Stoxx600 - JPEUCBA Index



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

On the other hand, the rise of Agentic AI could pose risks to stocks that currently benefit from consumer inertia, search friction, switching costs or traffic control. The basket of EU stocks most exposed to this theme underperformed sharply on the announcement.

Figure 23: US Consumer Agentic Vulnerable basket performance relative to S&P500 - JPUXCAIV Index



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

Similarly, the US basket of Consumer Agentic AI Vulnerable stocks includes consumer-facing platforms across travel, discovery/ads, marketplaces, fintech, and insurance that are dependent on user interaction in site/app. If agentic AI becomes the default consumer interface, reduced traffic/leads could pressure margins.

Mag-7 and the Hyperscalers index have been derating… we think this might have become overdone...

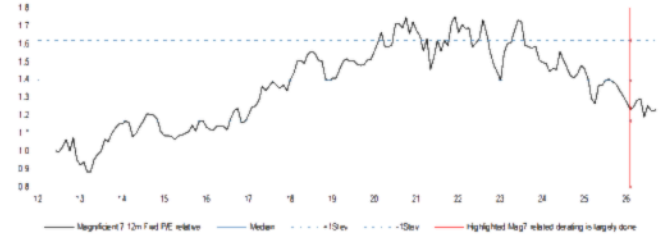
Figure 24: Mag 7 ytd



Source: Bloomberg Finance L.P.

Mag-7 has been underperforming the market this year, and is now trading flat ytd.

Figure 25: Mag - 7 12m Fwd PE relative



Source: IBES

The group has de-rated to nearly one standard deviation cheap, standing at 10-year lows.

Figure 26: Hyperscalers price relative to S&P500

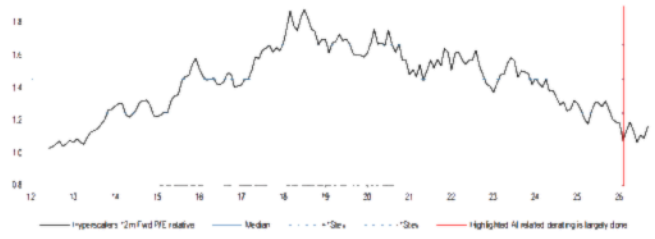


Source: Bloomberg Finance L.P.

The Hyperscaler index - comprising of Amazon, Alphabet, Microsoft, Meta and Oracle - is underperforming by 8% ytd.

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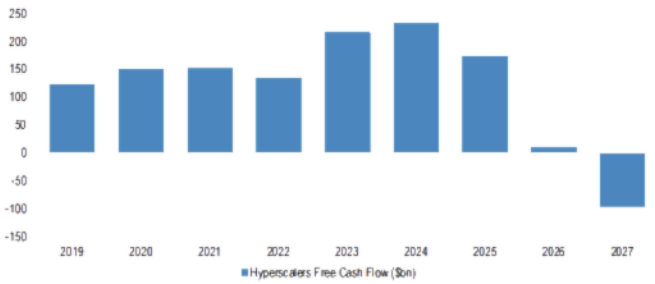
Figure 27: Hyperscalers 12m Fwd P/E relative



Source: IBES

While some of the multiple compression can be justified by the changing business models from asset-lite to asset-heavy, relative PEs at more than one standard deviation cheap is likely overdone.

Figure 28: Hyperscalers Free Cash Flow



Source: Bloomberg Finance L.P.

Table 4: Hyperscalers Free Cash Flow breakdown

Free Cash Flow ($bn)	Amazon	Microsoft	Alphabet	Meta	Oracle	Total
2019	21.7	38.3	31.0	21.2	11.6	123.7
2020	25.9	45.2	42.8	23.6	13.8	151.3
2021	-14.7	56.1	67.0	39.0	5.0	152.4
2022	-16.9	65.1	60.0	19.0	8.5	135.8
2023	32.2	59.5	69.5	43.8	11.8	216.8
2024	32.9	74.1	72.8	54.1	-0.4	233.4
2025	7.7	71.6	73.3	46.1	-23.7	175.0
2026	-21.7	67.0	-3.0	-6.4	-25.4	10.6
2027	-29.8	29.1	-32.0	-29.2	-34.5	-96.4

Source: Bloomberg Finance L.P.

Indeed, with the surge in AI capex, free cash flow for these companies is turning negative.

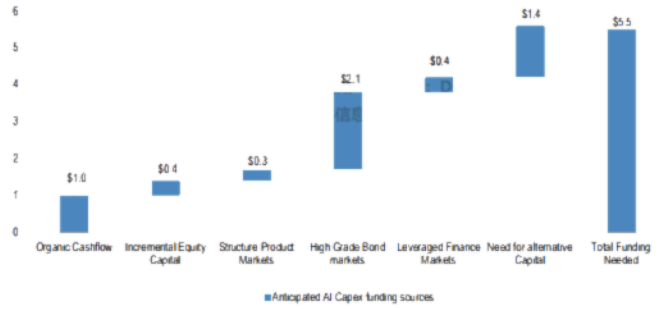
Figure 29: Hyperscalers debt issuance and net debt to equity



Source: J.P. Morgan Asia Tech Strategy, Hyperscalers here include Google, Meta, Microsoft, Amazon, Oracle, Coreweave and SpaceX, as of 15th Sept

As a result, debt and equity issuances are rising, to fund spending needs.

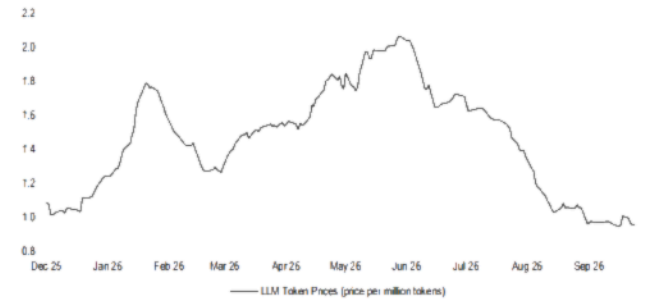
Figure 30: Anticipated AI Capex Funding Sources



Source: J.P. Morgan

Our credit team outlines the likely AI capex funding sources. They remain confident that the market will absorb the incremental supply with only a limited impact on corporate spreads - see report.

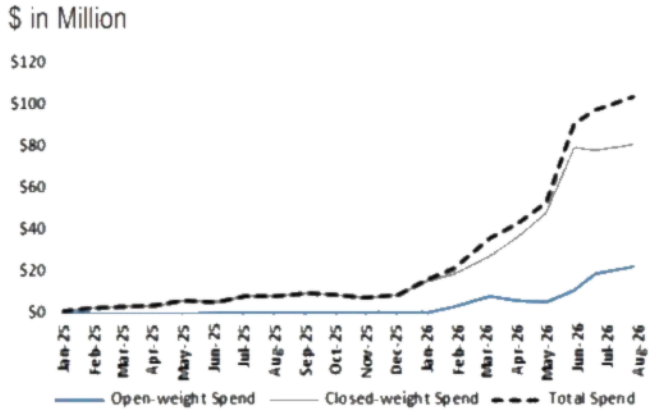
Figure 31: LLM Token price



Source: Bloomberg Finance L.P.

Another often quoted concern is their ability to monetize, as well as foundational models not having strong enough moats. Token prices have plummeted in the past months.

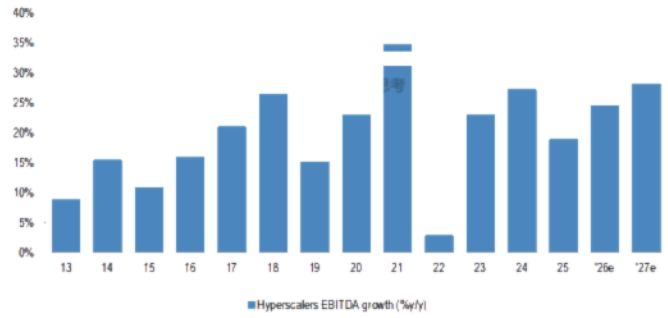
Figure 32: Snapshot of weekly token spend



Source: J.P. Morgan US Hardware team

However, the explosive increase in consumption more than off-sets the fall in token prices for now, with total spend in fact rising, and monetization cases building.

Figure 33: Hyperscalers EBITDA growth



Source: IBES

Despite these headwinds, we believe most of the the de-rating is already behind us, and the performance of Hyperscalers should be supported by solid earnings growth.

Table 5: Hyperscalers Investment Thesis and Key Risks

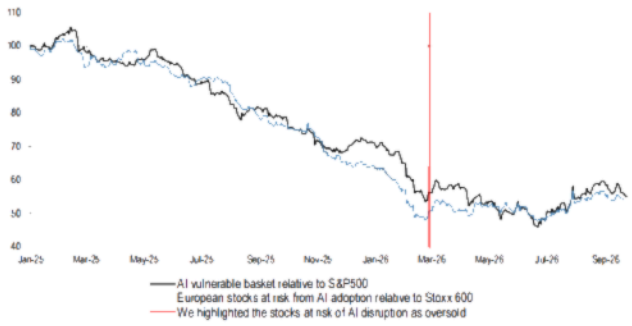
Company Name	Investment Thesis	Key Risks
Amazon		
Alphabet		
Meta		
Oracle		
Microsoft		

Source: J.P. Morgan.

We outline the investment thesis and key risks from our sector analysts for each of the US hyperscalers.

… on the other side, the AI cannibalization trade may not get fundamental support

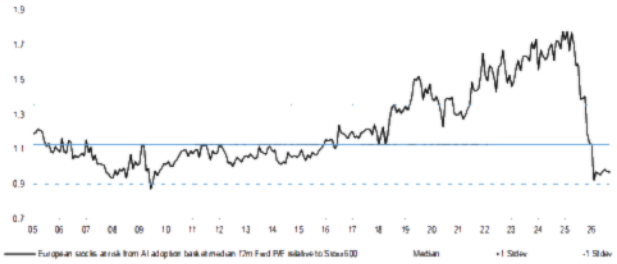
Figure 34: AI vulnerable baskets price relative



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

We have maintained a cautious stance on stocks at risk of AI cannibalization, including those from Software, Business Services and Media, but in March noted that this group could also trade better given the magnitude of

Figure 35: European stocks at risk from AI adoption basket median 12m Fwd P/E relative to Stoxx600



Source: IBES,J.P. Morgan.

Valuations for the group are near record cheap.

Figure 36: US AI Vulnerable basket median 12m Fwd P/E relative to S&P500

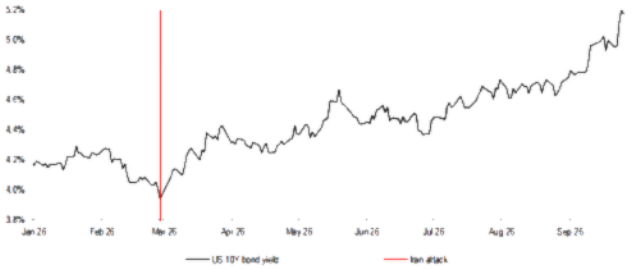


Source: IBES,J.P. Morgan.

The group trades cheap in the US, too. Fundamentally though, the profitability of these stocks will likely keep being questioned, and the space could continue to lag other parts of the AI ecosystem.

At the overall market level, equities should resume advancing as oil & rates volatility subsides, and as we approach Q3 results

Figure 37: US 10Y bond yield

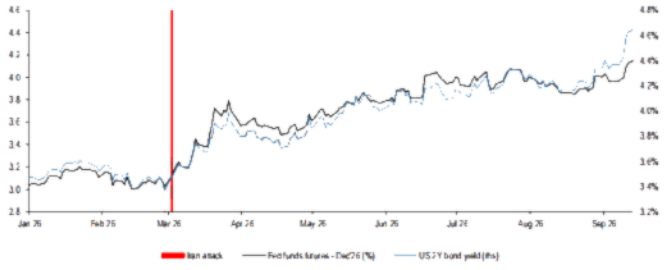


Source: Bloomberg Finance L.P.

Last week, the US 10 year bond yield crossed the 5% threshold for the first time in two decades, driven by a combination of higher energy prices, strong PMI component prints, underwhelming 5y auction and some hawkish comments from Fed governors.

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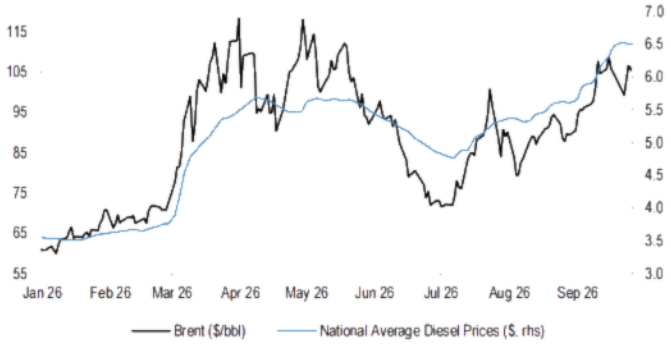
Figure 38: Fed funds futures - Dec '26 and US 2Y bond yield



Source: Bloomberg Finance L.P.

Markets are now pricing in 38 bp of additional hikes by year-end. Our Rates strategists note that the 2Y UST yield has caught up with Fed rhetoric and growth expectations, which could provide some near-term support for the front-end.

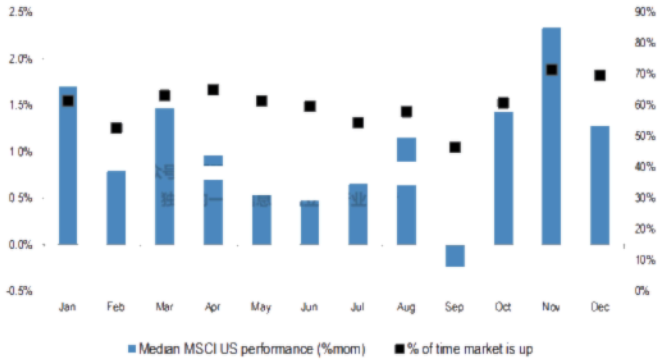
Figure 39: Brent and Diesel Prices ytd



Source: Bloomberg Finance L.P.

Oil prices rose on escalating US-Iran tensions, while diesel also came under the radar on news that Trump would impose an export-ban.

Figure 40: Seasonality of MSCI US performance



Source: Datastream

Adding to investor concerns are the poor seasonals typically seen in September.

Figure 41: S&P500 and Stoxx 600 ytd



Source: Bloomberg Finance L.P.

Encouragingly, markets are digesting the volatility well, with S&P500 and Stoxx600 down 1-3% from their highs.

Table 6: S&P500 and Stoxx600 Q3 '26e Earnings Growth

	3Q'26e Earnings Growth rate	
	SXXP	SPX
Market	14.4%	14.9%
Energy	89.1%	-1.5%
Materials	-0.7%	20.2%
Industrials	8.3%	23.7%
Discretionary	19.7%	9.7%
Staples	10.5%	1.6%
Healthcare	-0.5%	5.2%
Financials	9.3%	25.0%
IT	35.2%	30.8%
Comm Srvcs	-	-6.6%
Utilities	2.7%	3.7%
Real Estate	-79.8%	22.8%

Source: Thomson Reuters

Once oil and rates volatility subsides, and September's poor seasonals move behind us, the market is likely to re-focus on the upcoming reporting season, which is set to be another quarter of robust earnings.

Table 7: Weight of Tech sector in key regions

	Weight of Tech
US	39%
Europe	9%
EM	44%
Japan	19%

Source: Datastream

Better Tech performance would help the market resume advancing, given the meaningful weight of Tech in most indices.

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Table 8: Key regions move from June-July

	Move from June to July
Kospi	-38.6%
SOX	-28.6%
S&P500	-0.5%
Stoxx 600	1.7%

Source: Bloomberg Finance L.P.

Having said that, we do not think that Tech outperformance is critical for the market to rally. Notably, during the episode of momentum unwind, where Kospi, SOX, and other AI trades all had big falls during June-July, overall equities held up during that time, and even made fresh highs in August, before the recent bout of Brent/yields driven volatility.

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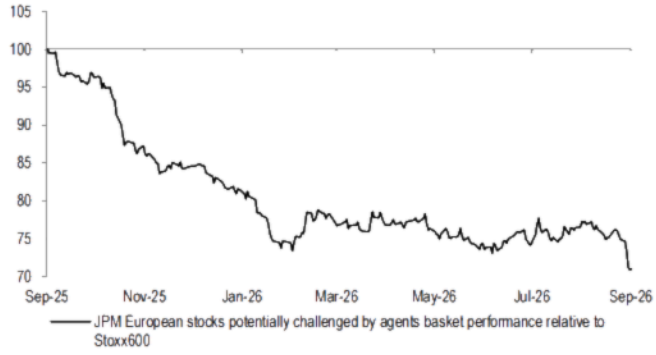
Appendix

Table 9: European stocks potentially challenged by Agents - JPEUCBA Index

Name	Ticker	Sector	JPM Rating	Price (LC)	Analyst Name
Rightmove PLC	RMV LN	Communication Services	UW	448.0	Marcus Diebel
Autotrader Group PLC	AUTO LN	Communication Services	UW	460.0	Lara Simpson
Koninklijke KPN NV	KPN NA	Communication Services	OW	4.0	Ajay Soni
BT Group PLC	BT/A LN	Communication Services	OW	193.4	Akhil Dattani
Deutsche Telekom AG	DTE GY	Communication Services	OW	26.9	Akhil Dattani
AXA SA	CS FP	Financials	OW	44.0	Farooq Hanif
Generali	G IM	Financials	N	43.3	Farooq Hanif
Prudential PLC	PRU LN	Financials	OW	949.6	Farooq Hanif
Allianz SE	ALV GY	Financials	N	419.2	Kamran Hossain
Orange SA	ORA FP	Communication Services	OW	14.0	Akhil Dattani
Sampo Oyj	SAMPO FH	Financials	N	8.8	Nadia Claressa
Tryg A/S	TRYG DC	Financials	UW	141.3	Nadia Claressa
Scout24 SE	G24 GY	Communication Services	OW	68.5	Marcus Diebel
Vend Marketplaces ASA	VEND NO	Communication Services	UW	208.6	Marcus Diebel
Auto1 Group SE	AG1 GY	Consumer Discretionary	OW	18.2	Marcus Diebel
SMG Swiss Marketplace Group AG	SMG SE	Communication Services	N	28.6	Marcus Diebel
Allegro.eu SA	ALE PW	Consumer Discretionary	OW	49.3	Elena Jouronova
Boozt AB	BOOZT SS	Consumer Discretionary	NC	145.0	-
Amadeus IT Group SA	AMS SQ	Consumer Discretionary	OW	53.8	Toby Ogg
Hemnet Group AB	HEM SS	Communication Services	OW	66.8	Marcus Diebel
Basic-Fit NV	BFIT NA	Consumer Discretionary	NC	29.9	-
Moltiply Group SpA	MOL IM	Financials	NC	28.6	-
MONY Group PLC	MONY LN	Communication Services	NC	179.7	-
eDreams ODIGEO SA	EDR SQ	Consumer Discretionary	NC	4.0	-
Baltic Classifieds Group PLC	BCG LN	Communication Services	UW	2.1	Marcus Diebel
SATS ASA	SATS NO	Consumer Discretionary	NC	42.6	-
Auction Technology Group PLC	ATG LN	Consumer Discretionary	OW	427.8	Lara Simpson
St James's Place PLC	STJ LN	Financials	NR	1064.5	Enrico Bolzoni
Canal+ SA	CAN LN	Communication Services	NC	233.4	-

Source: Bloomberg Finance L.P., J.P. Morgan, all stocks are liquidity weighted in the basket. This basket has been created to leverage the theme of this research report. It includes companies that are not covered by J.P. Morgan Research (marked "NC") and should not be viewed as a recommendation with respect to these companies. Prices as of COB 24th Sep 2026

Figure 42: JPM European stocks potentially challenged by agents basket performance relative to Stoxx600



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

Table 10: US Consumer Agentic Vulnerable - JPUXCAIV Index - Constituents and YTD performance

Name	Ticker	Sector	Market Cap (USD bn)	Weight in Index (%)	YTD perf
Ally Financial Inc	ALLY UN	Financials	11.8	7.1	-14%
Rocket Cos Inc	RKT UN	Financials	33.8	7.0	-38%
Booking Holdings Inc	BKNG UW	Consumer Discretionary	118.3	6.8	-27%
Expedia Group Inc	EXPE UW	Consumer Discretionary	31.4	6.8	-8%
Airbnb Inc	ABNB UW	Consumer Discretionary	90.7	6.8	12%
Intuit Inc	INTU UW	Information Technology	74.1	6.6	-58%
Block Inc	XYZ UN	Financials	46.1	6.4	18%
New York Times Co/The	NYT UN	Communication Services	10.2	5.7	-9%
Affirm Holdings Inc	AFRM UW	Financials	24.2	5.4	-4%
Maplebear Inc	CART UW	Consumer Staples	10.0	5.0	-4%
Ethos Technologies Inc	LIFE UW	Financials	2.3	4.1	
Reddit Inc	RDDT UN	Communication Services	29.4	3.7	-34%
Carvana Co	CVNA UN	Consumer Discretionary	67.9	3.6	-24%
Wix.com Ltd	WIX UW	Information Technology	3.2	3.6	-25%
TripAdvisor Inc	TRIP UW	Communication Services	1.0	3.3	-41%
Upstart Holdings Inc	UPST UW	Financials	2.4	3.2	-44%
Lemonade Inc	LMND UN	Financials	3.5	3.0	-36%
Dave Inc	DAVE UQ	Financials	4.2	2.9	50%
Cargurus Inc	CARG UW	Communication Services	2.8	2.9	-19%
Zillow Group Inc	ZG UW	Real Estate	6.5	2.5	-58%
Yelp Inc	YELP UN	Communication Services	1.0	2.2	-40%
UWM Holdings Corp	UWMC UN	Financials	2.0	1.5	-72%

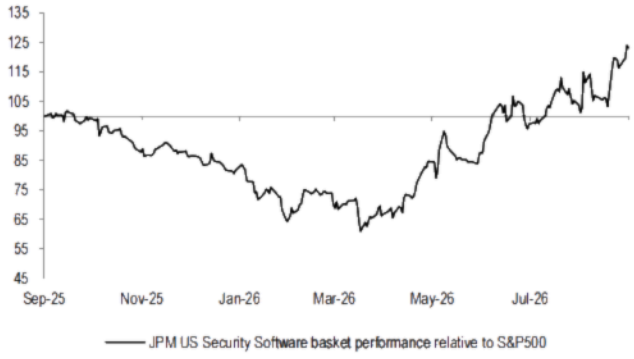
Source: J.P. Morgan, Bloomberg Finance L.P.

Table 11: US Security Software Basket - JP2SESF Index - Constituents and YTD performance

Name	Ticker	Sector	JPM Rating	Price (LC)	Analyst Name
7SCALER INC	7S UW	Information Technology	OW	214.6	Brian Essex
OKTA INC	OKTA UW	Information Technology	OW	206.6	Brian Essex
RUBRIK INC-A	RBRK UN	Information Technology	NC	113.8	-
CROWDSTRIKE HOLD	CRWD UW	Information Technology	OW	259.7	Brian Essex
FORTINET INC	FTNT UW	Information Technology	UW	178.7	Brian Essex
PALO ALTO NETWOR	PANW UW	Information Technology	OW	389.9	Brian Essex
SENTINELONE INC-A	S UN	Information Technology	N	24.0	Brian Essex
CHECK POINT SOFT	CHKP UW	Information Technology	N	136.3	Brian Essex
TENABLE HOLDINGS	TENB UW	Information Technology	OW	35.9	Brian Essex
QUALYS INC	QLYS UW	Information Technology	N	182.9	Brian Essex
VARONIS SYSTEMS	VRNS UW	Information Technology	OW	48.0	Brian Essex
SAILPOINT INC	SAIL UW	Information Technology	OW	22.1	Brian Essex

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

Figure 43: JPM US Security Software basket performance relative to S&P500



Source: Bloomberg Finance L.P.

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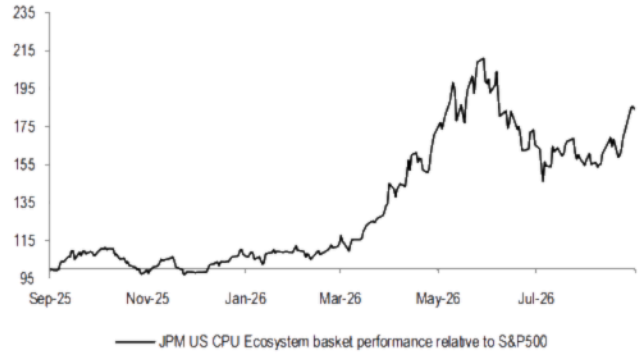
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Table 12: US CPU Ecosystem Basket - JPCPUECO Index - Constituents and YTD performance

Name	Ticker	Sector	JPM Rating	Price (LC)	Analyst Name
ARM HOLDINGS-PLC	ARM UW	Information Techn	OW	306.3	Harlan Sur
INTEL CORP	INTC UW	Information Techn	UW	127.4	Harlan Sur
ADV MICRO DEVICE	AMD UW	Information Techn	N	629.3	Harlan Sur
MARVELL TECHNOLO	MRVL UW	Information Techn	OW	259.0	Harlan Sur
TAIWAN SEMIC-ADR	TSM UN	Information Techn	NC	451.2	Gokul Hariharan
DELL TECHN-C	DELL UN	Information Techn	OW	536.0	Joseph Cardoso
MICRON TECH	MU UW	Information Techn	OW	1080.5	Harlan Sur
ASML HOLDING-NY	ASML UW	Information Techn	OW	1722.5	Sandeep Deshpande
HEWLETT PACKA	HPE UN	Information Techn	OW	63.5	Joseph Cardoso
APPLIED MATERIAL	AMAT UW	Information Techn	OW	474.3	Harlan Sur
APPLE INC	AAPL UW	Information Techn	OW	335.9	Samik Chatterjee
LAM RESEARCH	LRCX UW	Information Techn	OW	307.2	Harlan Sur
SUPER MICRO COMP	SMCI UW	Information Techn	N	41.5	Joseph Cardoso
QUALCOMM INC	QCOM UW	Information Techn	N	194.3	Joseph Cardoso
KLA CORP	KLAC UW	Information Techn	OW	187.1	Harlan Sur
NVIDIA CORP	NVDA UW	Information Techn	OW	224.6	Harlan Sur
BROADCOM INC	AVGO UW	Information Techn	OW	350.4	Harlan Sur
CADENCE DESIGN	CDNS UW	Information Techn	OW	322.0	Harlan Sur
SYNOPSYS INC	SNPS UW	Information Techn	OW	424.9	Harlan Sur
ENTEGRIS INC	ENTG UW	Information Techn	NC	148.6	-
AMKOR TECH INC	AMKR UW	Information Techn	OW	52.7	Mayur Ramdhani
NXP SEMICONDUCTO	NXPI UW	Information Techn	N	230.2	Harlan Sur

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

Figure 44: JPM US CPU Ecosystem basket performance relative to S&P500



Source: Bloomberg Finance L.P.

Table 13: US AI Vulnerable Basket - JPAIVUL Index - Constituents and YTD performance

Ticker	Name	Sector	Market Cap (USD Bn)	Weight in Basket	YTD performance
NET UN Equity	Cloudflare Inc	Information Technology	125.6	6.6%	78.7%
FOXA UW Equity	Fox Corp	Communication Services	25.4	4.7%	-12.5%
OMC UN Equity	Omnicom Group Inc	Communication Services	20.7	4.0%	-6.9%
PAYC UN Equity	Paycom Software Inc	Industrials	8.8	4.0%	39.1%
ADP UW Equity	Automatic Data Processing Inc	Industrials	92.0	3.9%	2.5%
PAYX UW Equity	Paychex Inc	Industrials	32.7	3.7%	-6.9%
CTSH UW Equity	Cognizant Technology Solutions	Information Technology	29.4	3.6%	-28.7%
TTWO UW Equity	Take-Two Interactive Software	Communication Services	33.9	3.4%	-15.4%
ACN UN Equity	Accenture PLC	Information Technology	98.6	3.2%	-31.6%
NYT UN Equity	New York Times Co/The	Communication Services	8.8	3.1%	-10.8%
GDDY UN Equity	GoDaddy Inc	Information Technology	19.7	2.9%	-22.3%
NWSA UW Equity	News Corp	Communication Services	14.0	2.4%	7.7%
PCTY UW Equity	Paylocity Holding Corp	Industrials	6.7	2.4%	-6.8%
EPAM UN Equity	EPAM Systems Inc	Information Technology	5.0	2.2%	44.3%
DUOL UW Equity	Duolingo Inc	Consumer Discretionary	6.0	2.1%	-16.8%
TTEAM UW Equity	Atlassian Corp	Information Technology	43.5	2.1%	70.3%
GLOB UN Equity	Globant SA	Information Technology	1.3	2.1%	-47.3%
RHI UN Equity	Robert Half Inc	Industrials	3.4	2.0%	37.6%
WIX UW Equity	Wix.com Ltd	Information Technology	2.8	2.0%	26.7%
U UN Equity	Unity Software Inc	Information Technology	17.0	2.0%	-8.2%
GLNG Equity	Golar LNG Ltd	Industrials	5.0	1.7%	-27.6%
WMG UW Equity	Warner Music Group Corp	Communication Services	12.5	1.7%	-11.4%
UPST UW Equity	Upstart Holdings Inc	Financials	2.1	1.7%	44.7%
WU UN Equity	Western Union Co/The	Financials	1.7	1.6%	34.6%
NXST UW Equity	Nexstar Media Group Inc	Communication Services	4.5	1.5%	-18.5%
ZM UW Equity	Zoom Communications Inc	Information Technology	23.6	1.5%	6.5%
WDAY UW Equity	Workday Inc	Information Technology	46.4	1.5%	-10.4%
SAP UN Equity	SAP SE	Information Technology	258.9	1.4%	-11.7%
RDNT UQ Equity	Radnet Inc	Health Care	5.8	1.3%	2.6%
MAN UN Equity	ManpowerGroup Inc	Industrials	2.7	1.3%	93.0%
ADBE UW Equity	Adobe Inc	Information Technology	93.7	1.3%	-31.7%
LRN UN Equity	Stride Inc	Consumer Discretionary	3.3	1.3%	70.9%
CVSA UN Equity	Covista Inc	Consumer Discretionary	4.2	1.2%	19.1%
EXLS UW Equity	ExlService Holdings Inc	Industrials	5.3	1.2%	-17.9%
GHC UN Equity	Graham Holdings Co	Consumer Discretionary	4.9	1.1%	4.4%
LOPE UW Equity	Grand Canyon Education Inc	Consumer Discretionary	3.9	1.0%	-9.4%
KD UN Equity	Kyndryl Holdings Inc	Information Technology	2.6	0.9%	-54.4%
PATH UN Equity	UiPath Inc	Information Technology	6.8	0.9%	-20.4%
BILL UN Equity	BILL Holdings Inc	Information Technology	3.9	0.9%	-15.8%
HUBS UN Equity	HubSpot Inc	Information Technology	11.3	0.8%	-43.7%
DOCU UW Equity	Docusign Inc	Information Technology	13.0	0.8%	1.6%
TNET UN Equity	TriNet Group Inc	Industrials	3.0	0.8%	10.2%
INTU UW Equity	Intuit Inc	Information Technology	76.6	0.8%	56.7%
NSP UN Equity	Insperity Inc	Industrials	1.9	0.8%	26.2%
MNDY UW Equity	Monday.com Ltd	Information Technology	3.7	0.7%	-41.4%
UPWK UW Equity	Upwork Inc	Industrials	1.0	0.6%	-58.7%
KFY UN Equity	Korn Ferry	Industrials	4.0	0.6%	12.0%
DBX UW Equity	Dropbox Inc	Information Technology	7.7	0.6%	23.1%
DXC UN Equity	DXC Technology Co	Information Technology	1.7	0.6%	-25.7%
TRIP UW Equity	TripAdvisor Inc	Communication Services	0.9	0.5%	-44.8%
PRDO UW Equity	Perdoceo Education Corp	Consumer Discretionary	2.0	0.5%	7.2%
FA UW Equity	First Advantage Corp	Industrials	3.4	0.5%	37.6%
GTM UW Equity	Zoominfo Technologies Inc	Communication Services	1.1	0.4%	-61.7%
FRSH UW Equity	Freshworks Inc	Information Technology	3.5	0.4%	5.1%
BOX UN Equity	Box Inc	Information Technology	4.5	0.3%	9.5%
STRA UW Equity	Strategic Education Inc	Consumer Discretionary	1.7	0.3%	-2.4%
WK UN Equity	Workiva Inc	Information Technology	3.9	0.3%	-17.9%
PEGA UW Equity	Pegasystems Inc	Information Technology	5.8	0.3%	40.9%
FVRR UN Equity	Fiverr International Ltd	Industrials	0.3	0.2%	-56.9%
APPN UQ Equity	Appian Corp	Information Technology	2.7	0.2%	7.7%
CMRE UN Equity	Costamare Inc	Industrials	1.8	0.2%	-7.0%
PD UN Equity	PagerDuty Inc	Information Technology	1.2	0.2%	13.1%
BRZE UW Equity	Braze Inc	Information Technology	2.9	0.2%	-24.6%
PRGS UW Equity	Progress Software Corp	Information Technology	1.7	0.2%	4.5%
ASAN UN Equity	Asana Inc	Information Technology	2.2	0.2%	-30.9%
KVYO UN Equity	Klaviyo Inc	Information Technology	4.8	0.2%	-48.3%
ORTO UW Equity	Orteo SA	Communication Services	0.8	0.2%	-19.7%
ALIT UN Equity	Alight Inc	Industrials	0.3	0.1%	-67.8%
TASK UW Equity	TaskUS Inc	Industrials	0.8	0.1%	9.5%
Total			1247.1		
Median					-11.1%

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

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Table 14: European stocks at risk from AI adoption - JPEUAIL Index - Constituents and YTD performance

Name	Ticker	Sector	Market Cap (EUR bn)	Weight in Index (%)	YTD perf
Publicis Groupe SA	PUB FP	Communication Services	24.8	6.1	10%
WPP PLC	WPP LN	Communication Services	4.9	5.7	15%
Teleperformance SE	TEP FP	Industrials	4.4	5.7	19%
Pearson PLC	PSON LN	Consumer Discretionary	8.4	5.7	15%
Sage Group PLC/The	SGE LN	Information Technology	10.5	5.6	-8%
Dassault Systemes SE	DSY FP	Information Technology	28.5	5.3	-11%
Zalando SE	ZAL GY	Consumer Discretionary	5.6	5.1	-12%
Randstad NV	RAND NA	Industrials	6.4	5.0	13%
SAP SE	SAP GY	Information Technology	229.1	5.0	-11%
Adecco Group AG	ADEN SE	Industrials	4.6	4.9	7%
Experian PLC	EXPN LN	Industrials	27.6	4.6	-20%
Wolters Kluwer NV	WKL NA	Industrials	15.2	4.6	-24%
Scout24 SE	G24 GY	Communication Services	5.1	4.5	-17%
Capgemini SE	CAP FP	Information Technology	18.0	4.5	-25%
RELX PLC	REL LN	Industrials	51.0	4.4	-17%
Rightmove PLC	RMV LN	Communication Services	4.0	4.4	-10%
Autotrader Group PLC	AUTO LN	Communication Services	4.2	4.4	-20%
Nemetschek SE	NEM GY	Information Technology	7.2	4.2	-33%
Universal Music Group NV	UMG NA	Communication Services	26.9	3.8	-34%
St James's Place PLC	STJ LN	Financials	6.5	3.5	-21%
Vend Marketplaces ASA	VEND NO	Communication Services	4.2	2.3	-23%
Quilter PLC	QLT LN	Financials	2.9	0.9	0%

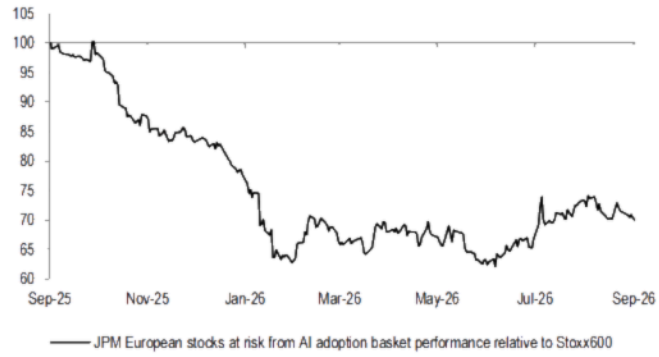
Source: Bloomberg Finance L.P., J.P. Morgan.

Table 15: European stocks at risk from AI adoption - JPEUAIL Index

Name	Ticker	Sector	JPM Rating	Price (LC)	Analyst Name
Publicis Groupe SA	PUB FP	Communication Services	OW	97.7	Daniel Kerven
WPP PLC	WPP LN	Communication Services	N	382.2	Daniel Kerven
Teleperformance SE	TEP FP	Industrials	UW	71.6	Victoria Chang
Pearson PLC	PSON LN	Consumer Discretionary	N	1212.5	Daniel Kerven
Sage Group PLC/The	SGE LN	Information Technology	OW	990.0	Toby Ogg
Dassault Systemes SE	DSY FP	Information Technology	N	21.2	Toby Ogg
Zalando SE	ZAL GY	Consumer Discretionary	N	22.1	Georgina Johanan
Randstad NV	RAND NA	Industrials	N	36.0	Jane Sparrow
SAP SE	SAP GY	Information Technology	N	184.2	Toby Ogg
Adecco Group AG	ADEN SE	Industrials	UW	24.5	Jane Sparrow
Experian PLC	EXPN LN	Industrials	OW	2636.0	Jane Sparrow
Wolters Kluwer NV	WKL NA	Industrials	OW	68.8	Daniel Kerven
Scout24 SE	G24 GY	Communication Services	OW	68.5	Marcus Diebel
Capgemini SE	CAP FP	Information Technology	N	103.8	Toby Ogg
RELX PLC	REL LN	Industrials	OW	2525.0	Daniel Kerven
Rightmove PLC	RMV LN	Communication Services	UW	448.0	Marcus Diebel
Autotrader Group PLC	AUTO LN	Communication Services	UW	460.0	Lara Simpson
Nemetschek SE	NEM GY	Information Technology	OW	61.4	Joseph George
Universal Music Group NV	UMG NA	Communication Services	OW	14.5	Daniel Kerven
St James's Place PLC	STJ LN	Financials	NR	1064.5	Enrico Bolzoni
Vend Marketplaces ASA	VEND NO	Communication Services	UW	208.6	Marcus Diebel
Quilter PLC	QLT LN	Financials	NR	178.9	Enrico Bolzoni

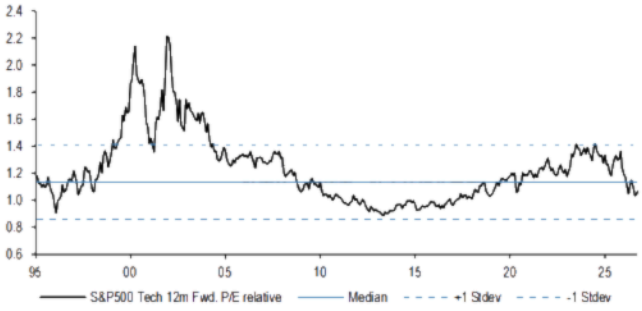
Source: Bloomberg Finance L.P., J.P. Morgan, all stocks are liquidity weighted in the basket. This basket has been created to leverage the theme of this research report. It includes companies that are not covered by J.P. Morgan Research (marked "NC") and should not be viewed as a recommendation with respect to these companies. Prices as of COB 24th Sep 2026

Figure 45: JPM European stocks at risk from AI adoption basket performance relative to Stoxx600



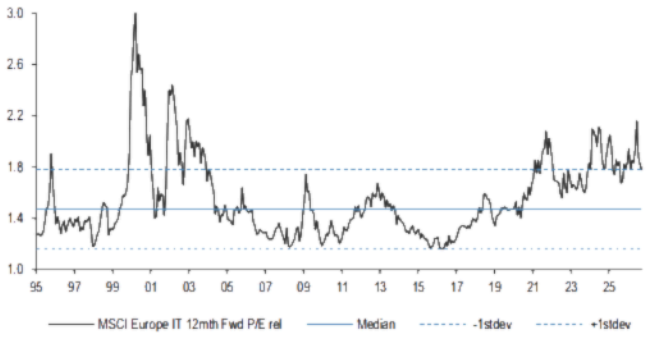
Source: J.P. Morgan.,Bloomberg Finance L.P.

Figure 46: S&P500 IT 12m Fwd PE relative



Source: IBES

Figure 47: MSCI Europe IT 12m Fwd PE relative



Source: IBES

Figure 48: Top mispriced stocks amid AI n basket median 12m Fwd P/E relative to S&P500



Source: IBES,J.P. Morgan.

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Equity Strategy Key Calls and Drivers

Global equities are up 15% so far ytd, TR in USD, and we stay bullish into year end. We expect continued strong earnings delivery, and note weekly EPS revisions have moved outright positive in all regions. This is aided by a rebound in PMIs, where Eurozone PMIs in particular are up for 3 months in a row, and CESIs remain strong. The latest US ISM print was also very strong, reaching a 4 year high. On the other side, we do not expect rising bond yields to present an insurmountable obstacle for stocks, as most of the upmove should be reflecting stronger activity momentum. Term premia has largely normalized, and we do not see inflation expectations becoming de-anchored, as wage growth is soft, and labour markets mixed. Central banks might deliver less tightening than is currently priced in. Additionally, we looked for USD peaking, and for gold to bounce after 20-25% weakness since the Iran conflict started. USD positioning remains elevated, and rates activity differentials are narrowing. We have also consistently argued since 2nd half of March to use any equity weakness brought on by the Iran conflict to buy into. The flare ups are continuing, but the impact on oil might get more muted, supply is likely to be structurally higher, and if one joins selling during derisking episodes, one risks being whipsawed on any favourable headline. At the overall index level, we looked for fresh highs for equities in 2H, and call for further gains. Notably, non-US stocks are faring well, ahead of US for a 2nd year in a row. We think this can continue. Finally, we note that Low Vol groups are back to lows, with Staples, Utilities etc relatives faltering. All Defensive sectors are in the bottom half of performance in Europe in the past month. EPS momentum of Cyclical sectors is accelerating, we look for Mining, Banks and Capital Goods to keep rallying, and Semis to keep stabilizing.

Table 16: J.P. Morgan Equity Strategy — Factors driving our medium-term views

Driver	Impact	Our Core Working Assumptions	Recent Developments
Global Growth	Neutral	Growth-Policy trade-off was supportive ahead of the conflict, and we do not believe that this will be dramatically changing	Global composite PMI is at 53.5
European Growth	Positive	Fiscal policy changes and energy inflation to drive GDP revisions	Eurozone Manufacturing PMI is at 52.7
Monetary Policy	Neutral	Central banks might deliver less tightening than is currently priced i	
Currency	Neutral	USD peaking	
Earnings	Positive	Strong earnings momentum to drive the market	EPS revisions are outright positive
Valuations	Negative	At 20x, U.S. forward P/E is still stretched, especially vs real yield	MSCI Europe on 14.2x Fwd P/E
Technicals	Neutral	Technicals in crowded areas have improved, overall equity positioning is rather light	Households' equity weight as a share of total assets is at record high

Source: J.P. Morgan estimates

Table 17: Base Case and Risks

Scenario	Assumption
Upside scenario	Fed on pause while inflation remains in check and growth is stronger
Base-case scenario	Economic growth, inflation remains sustainable and Fed policy rate on hold, Geopolitical uncertainty subsides
Downside scenario	Fed hikes rates with inflation picking up. Geopolitical uncertainty escalates further

Source: J.P. Morgan estimates.

Table 18: Index targets

	Dec '26 Target	Current	% upside
MSCI EUROZONE	420	384	9%
FTSE 100	11,000	10,705	3%
MSCI EUROPE	2,750	2,555	8%
EURO STOXX 50	6,800	6,300	8%
STOXX 600 E	680	640	6%

Source: J.P. Morgan

Table 19: Key sector calls

Overweight	Neutral	Underweight
Mining	Utilities	Energy
Capital Goods	Healthcare	Media
Semis	Autos	Staples
Construction Materials	Telecoms	Insurance
Luxury	Real Estate	
	Chemicals	
	Banks	
	Technology Hardware	

Source: J.P. Morgan.

Table 20: J.P. Morgan Equity Strategy — Key sector calls*

Sector	Recommendations	Key Drivers
Metals & Mining	Overweight	Preferred on a constructive China impulse and bearish USD backdrop (with "spot gap" now tighter), with China activity the key wildcard.
Cap Goods	Overweight	Supported by a constructive capex/electrification outlook, favoring parts of Industrials tied to investment spend.
Semis	Overweight	Expected to stabilize/benefit as the China/EM upswing helps previously China-exposed cyclicals and underperformers recover.
Media	Underweight	Likely to keep struggling regardless of near-term activity resilience, given ongoing AI-related disruption (though tactical bounces are possible after derating).
Software	Underweight	Similarly pressured by the AI threat and likely to remain a laggard structurally, even if oversold conditions drive intermittent rallies.

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

Table 21: J.P. Morgan Equity Strategy — Key regional calls

Region	Recommendations	J.P. Morgan Views
EM	Overweight	EM are underowned, valuations are cheap, flows could restart, weaker USD helps, reduced China trade headwinds
DM	Underweight	
US	Neutral	Crowded positioning, full valuations and AI commoditization risk, may not be regional outperformer
Japan	Neutral	Fundamentals remain solid, reforms/buybacks/wage gains help, but had big rally, fuller valuations
Eurozone	Overweight	Improving credit impulse, car sales data and strong earnings revisions and PMIs
UK	Neutral	Structurally cheap with high dividends and lower AI/trade sensitivity - useful in risk-off - but lacks near-term growth catalysts

Source: J.P. Morgan estimates.

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Top Picks

Table 22: J.P. Morgan European Strategy: Top European picks

					Market Cap	EPS Growth			Dividend Yield	12m Fwd P/E			Performance	
Name	Ticker	Sector	Price	Currency	(€ Bn)	25	26e	27e	26e	Current	10Y Median	% Premium	-3m	-12m
AEGON LTD	AGN NA	Financials	8	E	12.3	4%	23%	5%	4.4%	8.3	6.8	21%	7%	22%
AIB GROUP PLC	AIBG ID	Financials	12	E	24.0	0%	-4%	10%	3.1%	11.8	10.9	8%	10%	56%
ALSTOM	ALO FP	Industrials	16	E	6.9	958%	9%	45%	1.5%	8.5	16.3	-48%	-3%	-26%
ANHEUSER-BUSCH INBEV SA/NV	ABI BB	Staples	69	U$	136.2	6%	20%	10%	1.3%	16.5	17.8	-7%	-3%	38%
ARGENX SE	ARGX BB	Health Care	868	U$	52.3	3977%	46%	33%	0.0%	27.9	-22.8	-	11%	38%
ASML HOLDING NV	ASML NA	IT	1418	E	588.4	28%	57%	38%	0.5%	29.1	29.3	-1%	-14%	92%
ASTRAZENECA PLC	AZN LN	Health Care	12428	U$	224.2	12%	11%	11%	1.9%	15.0	18.1	-17%	-8%	9%
BABCOCK INTL GROUP PLC	BAB LN	Industrials	1018	£	5.7	64%	-21%	68%	0.5%	15.0	9.0	67%	-2%	-14%
BARCLAYS PLC	BARC LN	Financials	479	£	71.8	27%	7%	22%	1.7%	7.8	7.3	7%	-5%	27%
BAYERISCHE MOTOREN WERKE AG	BMW GR	Discretionary	63	E	35.2	-	-43%	35%	6.8%	7.5	7.1	7%	2%	-24%
BT GROUP PLC	BT/A LN	Telecoms	208	£	22.2	1%	-2%	4%	3.8%	10.9	8.3	31%	6%	4%
CIE FINANCIERE RICHEMO-A REG	CFR SW	Discretionary	172	E	107.4	-1%	-3%	23%	1.5%	22.7	22.3	2%	-6%	16%
CONTINENTAL AG	CON GR	Discretionary	70	E	13.8	1%	-21%	10%	3.6%	10.4	9.8	6%	-4%	24%
DANONE	BN FP	Staples	61	E	41.2	5%	4%	7%	3.5%	14.8	16.9	-13%	-7%	-17%
DSV A/S	DSV DC	Industrials	1312	DK	39.7	-1%	27%	31%	0.5%	16.4	22.9	-28%	-16%	-5%
FERROVIAL NV	FER SM	Industrials	48	E	35.3	-72%	-21%	17%	1.6%	43.3	49.7	-13%	-21%	-1%
FRAPORT AG FRANKFURT AIRPORT	FRA GR	Industrials	61	E	5.8	-4%	-32%	9%	0.0%	17.9	15.2	17%	-17%	-18%
FRESNILLO PLC	FRES LN	Materials	3004	U$	24.8	465%	46%	0%	0.7%	13.3	19.6	-32%	-9%	37%
INDUSTRIA DE DISENO TEXTIL	ITX SM	Discretionary	52	E	165.2	9%	6%	9%	2.9%	23.1	22.8	1%	-7%	15%
JERONIMO MARTINS	JMT PL	Staples	18	E	11.3	8%	12%	13%	3.3%	14.3	19.7	-27%	2%	-15%
LEONARDO SPA	LDO IM	Industrials	51	E	29.2	15%	52%	22%	1.0%	18.3	9.8	86%	-3%	2%
MARKS & SPENCER GROUP PLC	MKS LN	Staples	365	£	8.9	31%	-25%	42%	0.8%	10.7	11.2	-4%	2%	2%
NEMETSCHEK SE	NEM GR	IT	61	E	7.2	41%	11%	23%	0.9%	22.0	48.7	-55%	12%	-42%
NOKIA OYJ	NOKIA FH	IT	9	E	54.2	-26%	16%	21%	1.5%	24.2	14.6	65%	-23%	134%
NOVONESIS (NOVOZYMES) B	NSISB DC	Materials	427	E	27.4	16%	37%	11%	1.0%	26.0	28.7	-9%	11%	8%
ORANGE	ORA FP	Telecoms	16	E	37.4	5%	45%	-8%	4.5%	13.5	10.7	26%	-6%	17%
PRUDENTIAL PLC	PRU LN	Financials	994	U$	27.5	13%	11%	23%	1.7%	10.1	10.8	-6%	-2%	-3%
RWE AG	RWE GR	Utilities	60	E	46.8	-21%	20%	10%	1.7%	19.1	14.7	30%	10%	69%
SAIPEM SPA	SPM IM	Energy	4	E	8.7	0%	4%	92%	3.7%	16.5	16.3	1%	-8%	83%
SHELL PLC	SHEL LN	Energy	3571	U$	238.8	-17%	71%	-13%	2.9%	9.8	9.9	-1%	18%	37%
SIEMENS AG-REG	SIE GR	Industrials	266	E	212.6	17%	-10%	16%	2.0%	21.4	15.1	41%	-2%	19%
SIEMENS ENERGY AG	ENR GR	Industrials	140	E	123.8	-	175%	39%	0.0%	23.1	30.4	-24%	-13%	52%
SSE PLC	SSE LN	Utilities	2487	£	34.8	13%	-5%	19%	2.4%	12.7	12.2	4%	6%	49%
STANDARD CHARTERED PLC	STAN LN	Financials	2338	U$	57.7	36%	7%	16%	1.2%	11.7	9.1	28%	15%	65%
TECHNIP ENERGIES NV	TE FP	Energy	30	E	5.4	-6%	-9%	58%	2.9%	11.2	10.4	7%	-20%	-28%
UBS GROUP AG-REG	UBSG SW	Financials	42	U$	138.5	55%	57%	22%	1.8%	12.5	10.6	17%	5%	28%
UNILEVER PLC	ULVR LN	Staples	4633	E	117.2	-8%	5%	7%	3.7%	16.0	18.3	-13%	6%	-5%
UNIVERSAL MUSIC GROUP NV	UMG NA	Telecoms	15	E	26.9	7%	-8%	11%	3.5%	14.5	24.6	-41%	-21%	-39%

Source: Datastream, MSCI, IBES, J.P. Morgan, Prices and Valuations as of COB 23rd Sep, 2026. 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

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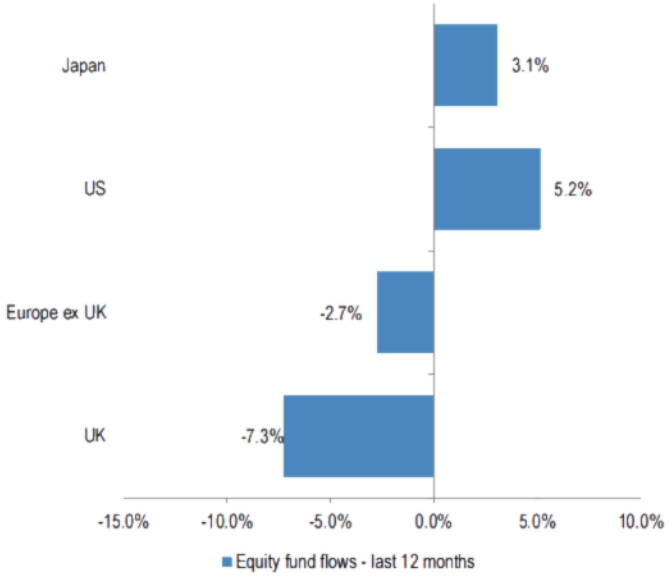
Equity Flows Snapshot

Table 23: DM Equity Fund Flows Summary

Regional equity fund flows										
	$mn					% AUM				
	1w	1m	3m	YTD	12m	1w	1m	3m	YTD	12m
Europe ex UK	-210	-148	-3,268	-13,186	-11,754	0.0%	0.0%	-0.7%	-2.9%	-2.7%
UK	-214	-1,573	-7,034	-13,130	-22,228	-0.1%	-0.5%	-2.2%	-4.2%	-7.3%
US	63,760	49,568	261,159	483,187	718,286	0.4%	0.3%	1.6%	3.3%	5.2%
Japan	1,411	6,197	16,614	27,778	30,130	0.1%	0.5%	1.4%	2.7%	3.1%

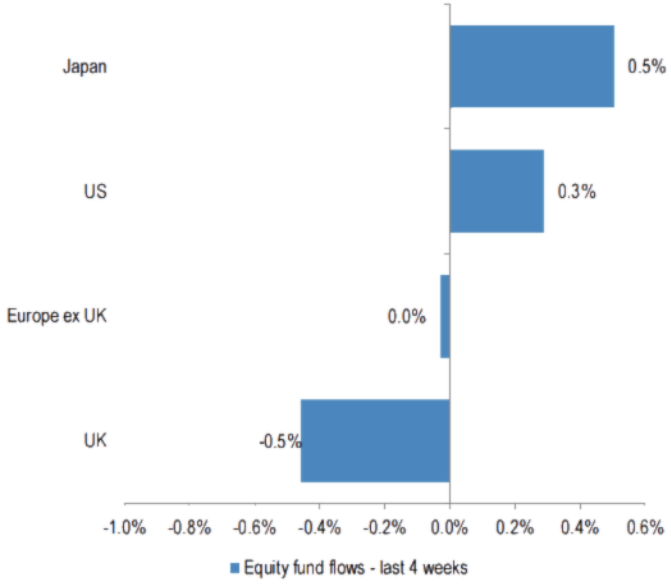
Source: EPFR, as of 16th Sep, 2026

Figure 49: DM Equity Fund flows – last 12 months



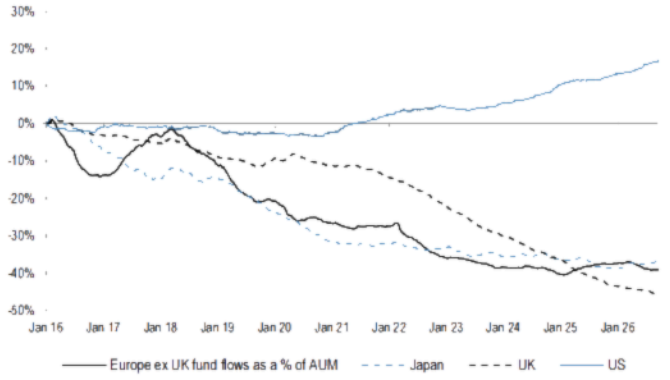
Source: EPFR, Japan includes BoJ purchases.

Figure 50: DM Equity Fund flows – last 4 weeks



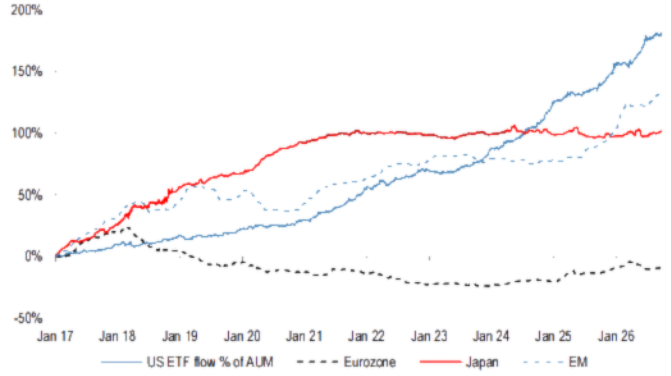
Source: EPFR, Japan includes BoJ purchases.

Figure 51: Cumulative fund flows into regional funds as a percentage of AUM



Source: EPFR, as of 16th Sep, 2026. Japan includes Non-ETF purchases only.

Figure 52: Cumulative fund flows into regional equity ETFs as a percentage of AUM

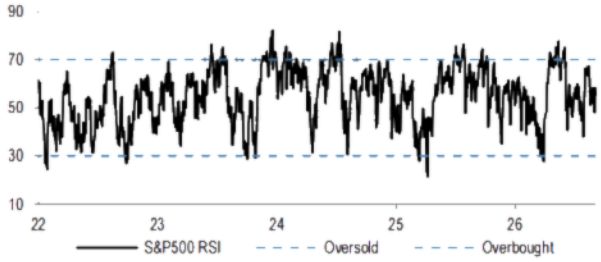


Source: Bloomberg Finance L.P. *Based on the 25 biggest ETFs with a mandate to invest in that particular region. Japan includes BoJ purchases.

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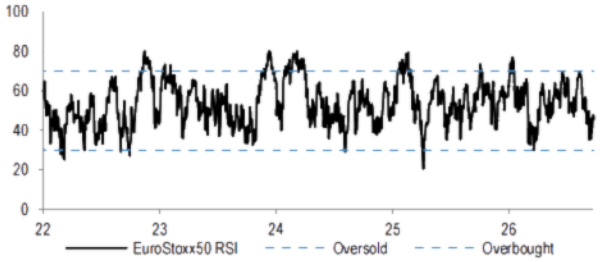
Technical Indicators

Figure 53: S&P500 RSI



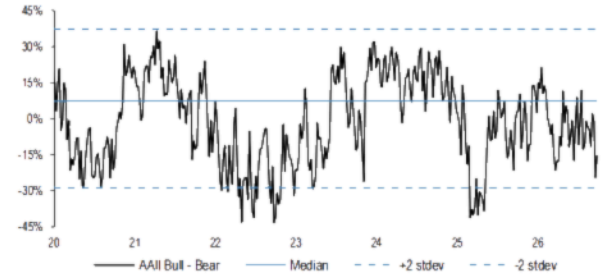
Source: Bloomberg Finance L.P.

Figure 54: EuroStoxx50 RSI



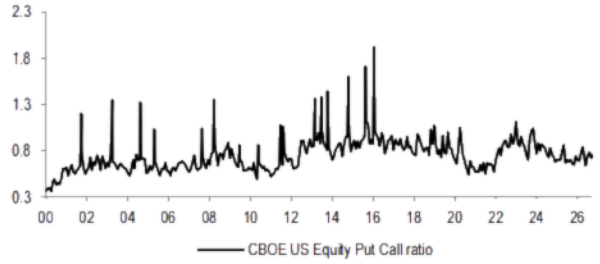
Source: Bloomberg Finance L.P.

Figure 55: AAII Bull-Bear



Source: Bloomberg Finance L.P

Figure 56: Put-call ratio



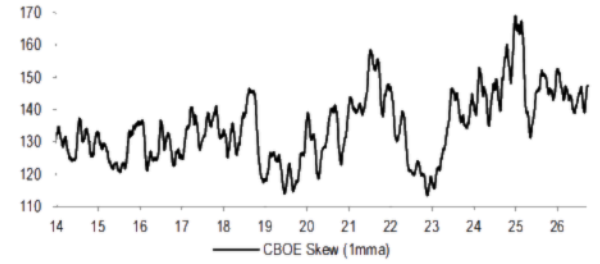
Source: Bloomberg Finance L.P.

Figure 57: Sentix Sentiment Index vs SX5E



Source: Bloomberg Finance L.P.

Figure 58: Equity Skew



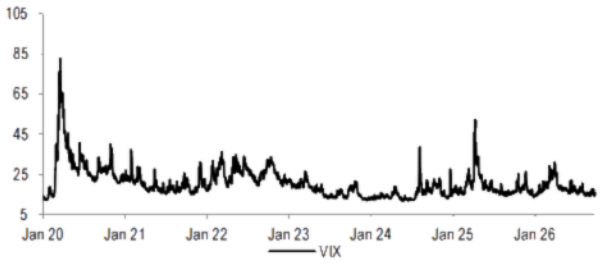
Source: Bloomberg Finance L.P.

Figure 59: Speculative positions in S&P500 futures contracts



Source: Bloomberg Finance L.P.

Figure 60: VIX



Source: Bloomberg Finance L.P.

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Performance

Table 24: Sector Index Performances — MSCI Europe

(%change)		Local currency		
Industry Group		**4week**	**12m**	**YTD**
Europe		**(2.4)**	**15.0**	**8.1**
Energy		**6.4**	**45.5**	**40.1**
Materials		**(3.7)**	**23.8**	**14.1**
	Chemicals	(0.5)	11.2	15.8
	Construction Materials	(10.7)	(13.8)	(22.2)
	Metals & Mining	(6.2)	59.9	25.1
Industrials		**(3.1)**	**11.5**	**8.9**
	Capital Goods	(3.1)	13.9	11.5
	Transport	(2.4)	22.8	5.0
	Business Svs	(3.6)	(20.1)	(13.7)
Consumer Discretionary		**(6.7)**	**(13.0)**	**(17.5)**
	Automobile	(1.4)	(17.3)	(18.4)
	Consumer Durables	(10.8)	(16.0)	(24.3)
	Media	(5.2)	(23.2)	(12.3)
	Retailing	(7.1)	(9.1)	(14.4)
	Hotels.Restaurants&Leisure	(1.9)	(3.3)	0.7
Consumer Staples		**(3.0)**	**2.0**	**(2.1)**
	Food & Drug Retailing	0.6	3.7	1.5
	Food Beverage & Tobacco	(3.7)	3.5	(1.9)
	Household Products	(2.5)	(1.9)	(3.9)
Healthcare		**(4.2)**	**7.6**	**(2.4)**
Financials		**(2.6)**	**24.1**	**12.2**
	Banks	(0.7)	37.9	20.2
	Diversified Financials	(6.8)	5.6	1.9
	Insurance	(4.0)	9.5	2.3
Real Estate		**(6.7)**	**12.4**	**6.5**
Information Technology		**2.4**	**42.5**	**37.0**
	Software and Services	2.7	(9.6)	(2.6)
	Technology Hardware	3.8	35.4	23.4
	Semicon & Semicon Equip	2.1	82.4	64.6
ns Services		**(4.8)**	**(8.4)**	**(2.6)**
Utilities		**(2.3)**	**22.5**	**8.4**

Source: MSCI, Datastream, As at COB 23rd Sep, 2026

Table 25: Country and Region Index Performances

(%change)		Local Currency			US$		
Country	**Index**	**4week**	**12m**	**YTD**	**4week**	**12m**	**YTD**
Austria	ATX	2.2	48.8	29.7	0.1	43.8	25.9
Belgium	BEL 20	(3.0)	21.0	12.0	(5.0)	17.0	8.7
Denmark	KFX	(7.3)	(4.1)	(4.9)	(9.2)	(7.4)	(7.7)
Finland	HEX 20	2.3	26.8	13.7	0.2	22.6	10.4
France	CAC 40	(4.0)	3.2	(0.3)	(6.0)	(0.3)	(3.2)
Germany	DAX	(3.3)	7.6	3.8	(5.4)	4.0	0.7
Greece	ASE General	(1.3)	28.5	25.0	(3.4)	24.2	21.4
Ireland	ISEQ	(0.3)	26.1	9.4	(2.4)	21.8	6.2
Italy	FTSE MIB	(1.7)	22.4	15.7	(3.8)	18.3	12.3
Japan	Topix	(0.5)	29.3	20.0	0.3	20.8	18.9
Netherlands	AEX	0.0	18.5	16.5	(2.1)	14.6	13.1
Norway	OBX	(0.8)	21.8	21.2	(2.1)	27.0	26.9
Portugal	BVL GEN	1.8	22.5	17.5	(0.4)	18.4	14.1
Spain	IBEX 35	(2.2)	29.5	13.4	(4.2)	25.2	10.1
Sweden	OMX	(0.3)	24.2	15.1	(3.9)	17.2	7.1
Switzerland	SMI	(4.3)	15.0	4.9	(6.4)	10.7	0.9
United States	S&P 500	0.4	15.8	12.6	0.4	15.8	12.6
United States	NASDAQ	3.1	19.3	15.9	3.1	19.3	15.9
United Kingdom	FTSE 100	(1.6)	16.1	7.8	(3.9)	13.8	6.3
EMU	MSCI EMU	(2.3)	15.7	9.3	(4.3)	11.9	6.1
Europe	**MSCI Europe**	**(2.4)**	**15.0**	**8.1**	**(4.6)**	**11.5**	**5.1**
Global	MSCI AC World	(0.3)	16.0	12.0	(0.7)	15.0	11.5

Source: MSCI, Datastream, As at COB 23rd Sep, 2026

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Earnings

Table 26: IBES Consensus EPS Sector Forecasts — MSCI Europe

	EPS Growth (%yoy)			
	2025E	2026E	2027E	2028E
Europe	**(0.4)**	**20.4**	**9.6**	**10.5**
Energy	**(13.2)**	**82.8**	**(16.9)**	**(4.3)**
Materials	**(9.3)**	**33.0**	**10.5**	**6.3**
Chemicals	(6.6)	13.5	6.0	10.0
Construction Materials	(22.0)	10.3	12.2	11.1
Metals & Mining	(6.0)	60.1	12.0	2.7
Industrials	**9.1**	**16.2**	**13.8**	**14.0**
Capital Goods	11.3	16.4	16.6	14.7
Transport	(2.9)	19.7	(3.2)	11.1
Business Svs	5.8	10.8	10.4	10.4
Discretionary	**(63.4)**	**141.8**	**20.8**	**15.9**
Automobile	(132.1)	-	32.8	20.3
Consumer Durables	(7.0)	11.8	13.9	12.8
Media	22.0	5.3	15.6	14.6
Retailing	15.5	11.0	14.9	13.7
Hotels,Restaurants&Leisure	9.6	6.4	14.7	13.7
Staples	**(1.9)**	**3.8**	**7.3**	**7.6**
Food & Drug Retailing	1.0	9.1	8.6	8.0
Food Beverage & Tobacco	(1.6)	3.3	7.1	7.9
Household Products	(4.1)	2.5	7.3	6.4
Healthcare	**9.2**	**5.4**	**8.5**	**10.7**
Financials	**10.1**	**11.8**	**12.5**	**11.4**
Banks	12.9	10.5	14.1	11.9
Diversified Financials	(8.7)	26.5	15.0	14.7
Insurance	14.7	7.9	6.7	7.7
Real Estate	**12.4**	**(3.8)**	**3.9**	**3.4**
IT	**12.0**	**26.7**	**29.1**	**23.3**
Software and Services	24.6	10.0	13.4	13.4
Technology Hardware	4.2	(10.1)	11.9	12.8
Semicon & Semicon Equip	7.4	56.3	42.1	29.7
Telecoms	**9.1**	**11.0**	**12.4**	**11.2**
Utilities	**1.2**	**8.1**	**7.2**	**7.0**

Source: IBES, MSCI, Datastream. As at COB 23rd Sep, 2026

Table 27: IBES Consensus EPS Country Forecasts

		EPS growth (%change)			
Country	**Index**	**2025E**	**2026E**	**2027E**	**2028E**
Austria	ATX	9.7	26.4	12.8	7.3
Belgium	BEL 20	18.3	15.3	12.8	12.7
Denmark	Denmark KFX	(1.2)	5.4	1.5	9.6
Finland	MSCI Finland	4.5	19.7	11.8	10.2
France	CAC 40	(22.9)	46.4	9.5	10.3
Germany	DAX	5.2	7.9	15.4	14.5
Greece	MSCI Greece	(6.0)	19.0	9.3	7.8
Ireland	MSCI Ireland	2.9	0.2	12.3	14.2
Italy	MSCI Italy	(38.0)	89.0	9.8	11.1
Netherlands	AEX	(20.3)	40.5	9.9	12.1
Norway	MSCI Norway	(11.0)	51.8	(7.8)	0.8
Portugal	MSCI Portugal	23.7	27.5	(0.3)	4.7
Spain	IBEX 35	5.8	15.2	10.9	9.7
Sweden	OMX	(3.3)	6.6	8.5	9.2
Switzerland	SMI	6.8	9.9	9.7	9.6
United Kingdom	FTSE 100	6.8	21.2	5.5	8.0
EMU	MSCI EMU	(4.3)	23.0	12.3	
Europe ex UK	MSCI Europe ex UK	(2.5)	19.9	11.1	
Europe	MSCI Europe	(0.4)	20.4	9.6	
United States	S&P 500	13.7	33.5	16.8	
Japan	Topix	11.5	19.7	11.3	
Emerging Market	MSCI EM	10.6	73.5	23.9	
Global	MSCI AC World	10.3	35.5	16.5	

Source: IBES, MSCI, Datastream. As at COB 23d Sep, 2026**Japan refers to the period from March in the year stated to March in the following year— EPS post-goodwill

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Valuations

Table 28: IBES Consensus European Sector Valuations

	P/E			Dividend Yield			EV/EBITDA			Price to Book		
	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
Europe	**15.3**	**13.9**	**12.6**	**3.1%**	**3.4%**	**3.7%**	**9.1**	**8.4**	**7.8**	**2.3**	**2.2**	**2.0**
Energy	**8.2**	**9.9**	**10.3**	**4.2%**	**4.3%**	**4.5%**	**3.5**	**3.9**	**4.0**	**1.6**	**1.5**	**1.4**
Materials	**17.0**	**15.4**	**14.5**	**2.9%**	**3.1%**	**3.2%**	**8.2**	**7.5**	**7.0**	**2.1**	**2.0**	**1.8**
Chemicals	22.2	20.9	19.0	2.6%	2.7%	2.8%	11.6	11.1	10.1	2.5	2.4	2.3
Construction Materials	14.2	12.6	11.4	2.7%	3.0%	3.2%	8.8	7.8	7.0	1.5	1.4	1.3
Metals & Mining	14.0	12.5	12.1	3.2%	3.3%	3.5%	6.5	5.9	5.6	2.1	1.9	1.8
Industrials	**22.1**	**19.4**	**17.0**	**2.1%**	**2.3%**	**2.5%**	**11.6**	**10.6**	**9.6**	**4.1**	**3.7**	**3.3**
Capital Goods	23.8	20.4	17.8	1.9%	2.1%	2.4%	13.1	11.5	10.2	4.7	4.2	3.6
Transport	14.5	15.0	13.5	3.2%	2.9%	3.0%	7.1	7.6	7.5	2.0	1.9	1.8
Business Svs	16.8	15.2	13.8	3.0%	3.3%	3.5%	11.2	10.3	9.4	5.5	5.2	4.8
Discretionary	**15.8**	**13.1**	**11.3**	**2.7%**	**3.1%**	**3.5%**	**7.7**	**5.8**	**5.2**	**1.9**	**1.7**	**1.6**
Automobile	9.8	7.4	6.1	3.8%	4.7%	5.5%	1.8	1.5	1.5	0.6	0.6	0.5
Consumer Durables	20.9	18.4	16.3	2.5%	2.7%	2.9%	13.5	10.4	9.6	3.4	3.1	2.9
Media & Entertainment	21.0	18.2	15.9	1.6%	1.7%	1.8%	14.0	12.3	9.9	4.8	4.2	3.8
Retailing	14.9	13.0	11.4	2.5%	2.7%	3.0%	20.7	14.1	11.7	5.2	3.1	2.7
Hotels,Restaurants&Leisure	20.4	17.8	15.6	2.4%	2.6%	2.9%	11.6	10.4	9.3	5.7	5.2	4.6
Staples	**15.7**	**14.7**	**13.6**	**3.4%**	**3.6%**	**3.8%**	**10.4**	**9.6**	**9.1**	**2.9**	**2.7**	**2.6**
Food & Drug Retailing	12.7	11.7	10.8	3.8%	4.0%	4.4%	6.4	6.0	5.6	1.9	1.8	1.7
Food Beverage & Tobacco	15.4	14.4	13.3	3.7%	3.8%	4.1%	10.5	9.9	9.2	2.6	2.5	2.4
Household Products	18.2	17.0	16.0	2.8%	2.9%	3.1%	12.7	11.4	11.0	4.3	3.9	3.6
Healthcare	**15.5**	**14.3**	**12.9**	**2.5%**	**2.7%**	**2.9%**	**11.9**	**10.7**	**9.6**	**3.3**	**3.0**	**2.7**
Financials	**11.7**	**10.4**	**9.4**	**4.3%**	**4.8%**	**5.3%**	**-**	**-**	**-**	**1.7**	**1.6**	**1.5**
Banks	11.3	9.9	**8.9**	4.6%	5.1%	5.7%	-	-	-	1.5	1.5	1.4
Diversified Financials	12.8	11.2	9.7	2.8%	3.1%	3.3%	-	-	-	1.6	1.5	1.4
Insurance	12.2	11.4	10.6	4.9%	5.3%	5.7%	-	-	-	2.1	1.9	1.8
Real Estate	**12.8**	**13.3**	**12.8**	**5.2%**	**5.4%**	**5.6%**	-	-	-	**0.7**	**0.7**	**0.7**
IT	**32.1**	**24.8**	**20.2**	**1.0%**	**1.1%**	**1.3%**	**19.5**	**14.6**	**11.4**	**6.4**	**5.7**	**5.0**
Software and Services	26.2	23.1	20.4	1.3%	1.5%	1.6%	15.2	11.6	8.9	4.1	3.9	3.5
Technology Hardware	22.6	20.2	17.9	1.8%	1.9%	2.0%	12.1	10.6	9.6	3.1	2.9	2.7
Semicon & Semicon Equip	37.7	26.6	20.5	0.6%	0.8%	1.0%	25.4	17.9	13.9	11.4	9.3	7.4
Communication Services	**15.6**	**13.9**	**12.5**	**3.5%**	**3.8%**	**4.1%**	**6.4**	**6.1**	**5.7**	**2.1**	**2.1**	**2.0**
Utilities	**14.9**	**13.9**	**13.0**	**4.1%**	**4.4%**	**4.6%**	**9.7**	**9.3**	**9.1**	**2.0**	**1.9**	**1.8**

Source: IBES, MSCI, Datastream. As at COB 23rd Sep, 2026.

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Table 29: IBES Consensus P/E and 12-Month Forward Dividend Yields — Country Forecasts

		P/E				Dividend Yield
Country	Index	12mth Fwd	2026E	2027E	2028E	12mth Fwd
Austria	ATX	11.3	12.3	10.9	10.2	3.9%
Denmark	Denmark KFX	14.3	14.4	14.2	13.0	3.0%
Finland	MSCI Finland	18.9	20.5	18.4	16.7	3.1%
France	CAC 40	13.4	14.3	13.1	11.9	3.5%
Germany	DAX	14.6	16.4	14.2	12.4	3.0%
Greece	MSCI Greece	17.9	19.2	17.5	16.3	2.9%
Ireland	MSCI Ireland	13.3	14.5	12.9	11.3	3.2%
Italy	MSCI Italy	12.4	13.3	12.2	10.9	4.7%
Netherlands	AEX	15.5	16.6	15.1	13.4	2.2%
Norway	MSCI Norway	12.2	11.5	12.5	12.4	5.1%
Portugal	MSCI Portugal	14.2	14.2	14.2	13.6	3.7%
Spain	IBEX 35	13.6	14.7	13.2	12.1	3.8%
Sweden	OMX	17.6	18.7	17.2	15.8	3.2%
Switzerland	SMI	16.8	18.0	16.4	14.9	3.1%
United Kingdom	FTSE 100	12.4	12.9	12.2	11.3	3.5%
EMU	MSCI EMU	14.5	15.8	14.1	12.6	3.2%
Europe ex UK	MSCI Europe ex UK	15.0	16.3	14.6	13.1	3.2%
Europe	**MSCI Europe**	**14.2**	15.3	13.9	12.6	**3.3%**
United States	S&P 500	19.2	22.0	18.8	16.1	1.2%
Japan	Topix	15.6	16.5	14.8	13.4	2.2%
Emerging Market	MSCI EM	9.6	11.3	9.5	8.3	2.8%
Global	MSCI AC World	16.2	18.3	15.9	13.8	1.8%

Source: IBES, MSCI, Datastream. As at COB 23rd Sep, 2026; **Japan refers to the period from March in the year stated to March in the following year-P/E post goodwill.

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Economic, Interest Rate and Exchange Rate Outlook

Table 30: Economic Outlook in Summary

	Real GDP % oya			Real GDP						Consumer prices % oya			
	2025	2026E	2027E	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	4Q25	2Q26	4Q26	2Q27
United States	2.1	2.2	2.2	2.1	1.5	3.5	1.7	2.3	2.3	2.7	3.8	3.6	2.1
Eurozone	1.3	1.0	1.5	-0.1	2.6	1.3	1.5	1.5	1.5	2.1	3.0	3.4	2.2
United Kingdom	1.3	1.4	1.4	2.5	1.7	2.0	1.0	1.6	1.2	3.4	2.8	3.4	3.7
Japan	1.2	1.0	1.1	1.9	1.4	0.7	1.3	1.0	1.2	2.5	1.5	2.8	2.3
Emerging markets	4.3	4.1	3.8	4.8	3.3	3.4	4.3	4.0	3.9	2.8	3.5	3.4	2.8
Global	2.8	2.7	2.7	2.8	2.5	2.8	2.7	2.8	2.7	2.7	3.4	3.4	2.5

Source: J.P. Morgan Economic Research estimates, as of 23rd Sep, 2026

Table 31: Official Rates Outlook

					Forecast for			
	Official interest rate	Current	Last change (bp)	Forecast next change (bp)	Dec 26	Mar 27	Jun 27	Sep 27
United States	Federal funds rate	4.00	16 Sep 26 (+25bp)	Dec 26 (+25bp)	4.25	4.25	4.25	4.25
Eurozone	Depo rate	2.50	10 Sep 26 (+25bp)	Dec 26 (+25bp)	2.75	3.00	3.00	3.00
United Kingdom	Bank Rate	3.75	18 Dec 25 (-25bp)	Nov 26 (+25bp)	4.00	4.25	4.25	4.25
Japan	Pol rate IOER	1.25	18 Sep 26 (+25bp)	Dec 26 (+25bp)	1.50	1.75	2.00	1.75

Source: J.P. Morgan estimates, Datastream, as of 23rd Sep, 2026

Table 32: 10-Year Government Bond Yield Forecasts

10 Yr Govt BY		Forecast for end of			
	24-Sep-26	Dec 26	Mar 27	Jun 27	Sep 27
US	5.14	5.05	5.10	5.05	5.00
Euro Area	3.57	3.15	3.10	3.00	2.95
United Kingdom	5.37	5.10	4.95	4.75	4.65
Japan	3.08	3.05	3.05	3.15	3.20

Source: J.P. Morgan estimates, Datastream, forecasts as of 18th Sep, 2026

Table 33: FX forecasts

Exchange rates vs US$		Forecast for end of			
	24-Sep-26	Dec 26	Mar 27	Jun 27	Sep 27
EUR	1.14	1.13	1.12	1.10	1.10
GBP	1.33	1.28	1.29	1.28	1.28
CHF	0.83	0.84	0.85	0.86	0.86
JPY	158	164	164	164	164
DXY	101.1	102.5	103.1	104.3	104.3

Source: J.P. Morgan estimates, Datastream, forecasts as of 18th Sep, 2026

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Sector, Regional and Asset Class Allocations

Table 34: J.P. Morgan Equity Strategy — European Sector Allocation

		MSCI Europe Weights	Allocation	Deviation	Recommendation
Energy		5.1%	3.0%	-2.1%	UW
Materials		5.6%	8.0%	2.4%	OW
	Chemicals				N
	Construction Materials				OW
	Metals & Mining				OW
Industrials		18.4%	21.0%	2.6%	OW
	Capital Goods				OW
	Transport				N
	Business Services				N
Consumer Discretionary		5.0%	8.0%	3.0%	OW
	Automobile				N
	Consumer Durables				OW
	Consumer Srvcs				N
	Speciality Retail				N
	Internet Retail				N
Consumer Staples		8.3%	6.0%	-2.3%	UW
	Food & Drug Retailing				UW
	Beverages				UW
	Food & Tobacco				UW
	Household Products				UW
Healthcare		13.0%	12.0%	-1.0%	N
Financials		25.9%	25.0%	-0.9%	N
	Banks				N
	Insurance				UW
Real Estate		0.6%	1.0%	0.4%	N
Information Technology		8.9%	8.0%	-0.9%	N
	Software and Services				UW
	Technology Hardware				N
	Semicon & Semicon Equip				OW
Communication Services		4.5%	4.0%	-0.5%	N
	n Services				N
	Media				UW
Utilities		4.7%	4.0%	-0.7%	N
		100.0%	100.0%	0.0%	Balanced

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

Table 35: J.P. Morgan Equity Strategy — Global Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
EM	12.1%	14.0%	1.9%	Overweight
DM	87.9%	86.0%	-1.9%	Underweight
US	73.1%	73.0%	-0.1%	Neutral
Japan	5.8%	6.0%	0.2%	Neutral
Eurozone	8.7%	11.0%	2.3%	Overweight
UK	3.6%	3.0%	-0.6%	Neutral
Others*	8.8%	7.0%	-1.8%	Underweight
	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 36: J.P. Morgan Equity Strategy — European Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
Eurozone	54.2%	58.0%	3.8%	Overweight
United Kingdom	22.3%	21.0%	-1.3%	Neutral
Others**	23.4%	21.0%	-2.4%	Underweight
	100.0%			Balanced

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

Table 37: J.P. Morgan Equity Strategy — Asset Class Allocation

	Benchmark weighting	Allocation	Deviation	Recommendation
Equities	60%	65%	5%	Overweight
Bonds	30%	30%	0%	Neutral
Cash	10%	5%	-5%	Underweight
	100%	100%	0%	Balanced

Source: MSCI, J.P. Morgan