

It's Your Money

Equity & Fixed Income Investing

May 2026

Delia Fernandez, MBA, CFP®

Delia Fernandez, MBA, CFP®
Fernandez Financial Advisory, LLC
5212 Katella Avenue, Suite 205
Los Alamitos, CA 90720
562-594-4454
delia@fernandezllc.com

Topics for today

- * Basics of cash, fixed income (bonds) and equities (stocks)
- * Investment considerations for each asset type
- * Putting them together: thoughts on asset allocation

Cash Basics

- * Available or “liquid” to be used at any time.
- * Safe, doesn’t fluctuate in value, \$1 always = \$1. May earn interest.
 - Checking account, savings account
 - Money market account/fund
 - Short-term CDs (certificates of deposit)
 - US T-bills (matures in 1 year or less)

Benefits of cash

Safety

- Stable \$1.00 price
- Often insured (FDIC or NCUA protection up to limits)

Availability/liquidity

- No loss of principal
- Earns some interest, better than plain cash
- Good for emergencies, funding short-term goals

Fixed income/bonds

It's a LOAN

You're giving money to a corporation or government entity for a period of time with the expectation of being paid back principal + interest

Interest payments vary; may be quarterly, semi-annual or annual, or at maturity. May not pay interest, but instead return a larger amount than you originally invested. (Remember EE savings bonds?)

Fixed income examples

- Longer term CDs
- US Treasuries (notes and bonds)
- Municipal (“muni”) bonds
- Corporate bonds
- Mortgage-backed bonds
- International bonds

Benefits of fixed income

- Dependable income
- Periodic payments
- Higher yield than cash and inflation
- Complement to other investments
- Provide downside protection
- Usually act counter-cyclically to stocks (“negatively correlated”)

Equities or stocks

- Represent partial ownership in a business
- “Publicly traded” stocks available on exchanges (NYSE, Nasdaq, etc.)
- Shareholders share in the profits of the businesses, either through future value and/or dividends (a distribution of earnings to shareholders).

Equity types

By size

- Large-cap stocks (\$10 billion+ market capitalization, or # stocks X shares outstanding)
Amazon, Google, Johnson & Johnson
- Small-caps (under \$2 billion)
Williams-Sonoma, Molina Healthcare, Omnicom
- Developed International
Japan, UK, Switzerland
- Emerging markets
China, India, South Korea

Equity styles

- Growth stocks (expected to grow faster than the overall market)

Amazon, Google, Meta, Microsoft, Nvidia

- Value stocks (out-of-favor stocks + attractive pricing)

JP Morgan Chase, Berkshire Hathaway, J&J, Exxon Mobil

Returns and valuations by style

GTM

U.S.

15

10-year annualized				YTD			
	Value	Blend	Growth		Value	Blend	Growth
Large	11.2%	15.3%	18.3%	Large	10.4%	5.7%	1.0%
Mid	10.3%	11.6%	12.4%	Mid	11.5%	8.7%	-0.3%
Small	10.4%	11.0%	11.2%	Small	15.1%	13.2%	11.5%
Since market peak (January 2022)				Since market low (October 2022)			
	Value	Blend	Growth		Value	Blend	Growth
Large	50.3%	60.1%	60.2%	Large	82.1%	112.0%	134.9%
Mid	38.8%	34.9%	23.2%	Mid	72.9%	76.6%	77.9%
Small	35.6%	30.9%	25.3%	Small	70.6%	74.5%	77.8%

Forward P/E vs. 20-year avg. P/E			
	Value	Blend	Growth
Large	16.8 / 14.1	20.9 / 16.3	26.4 / 20.0
Mid	15.8 / 14.6	17.2 / 16.5	24.8 / 21.4
Small	18.9 / 16.9	24.7 / 23.1	34.7 / 32.3
Forward P/E as % of 20-year avg. P/E			
	Value	Blend	Growth
Large	119.2%	128.1%	131.8%
Mid	108.6%	104.3%	115.6%
Small	111.8%	106.9%	107.6%

Source: FactSet, FTSE Russell, Standard & Poor's, J.P. Morgan Asset Management.
 All calculations are cumulative total return, including dividends reinvested for the stated period. Returns are not annualized. Since market peak represents the period from 1/3/2022 to the present. Since market low represents the period from 10/12/2022 to the present. For all time periods, total return is based on Russell style indices except for the large blend category, which is based on the S&P 500 index. Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by FactSet. Past performance is no guarantee of future results.
 Guide to the Markets – U.S. Data are as of April 30, 2026.

J.P.Morgan
 ASSET MANAGEMENT

Why equities?

- Long-term growth that exceeds inflation (a “real return”)

Averaged 6% to 7% above inflation

L-T returns have averaged 9% to 10%

- Inflation protection

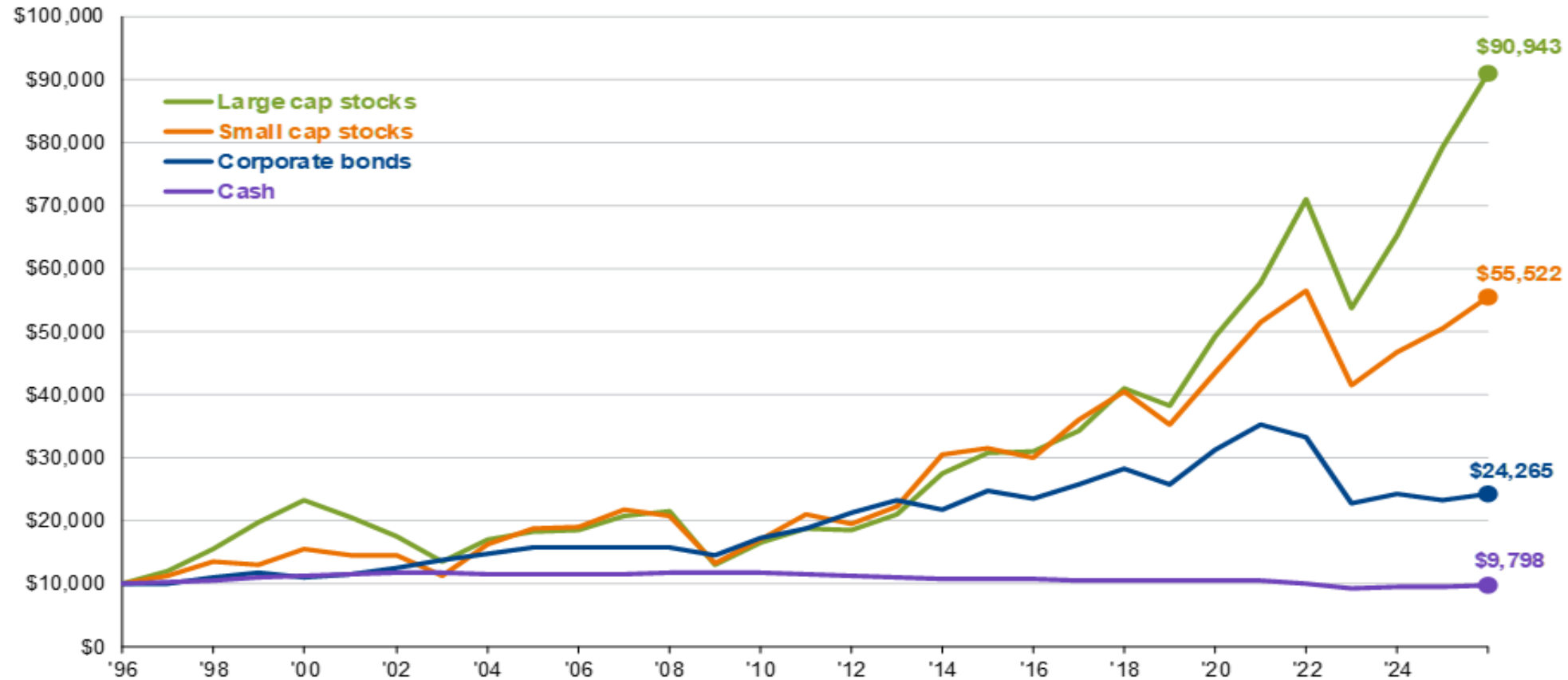
- Can be tax-efficient

L-T gains taxed at lower Federal tax rate

Risk investing and the power of compounding

Change in purchasing power by investment in major asset class

Growth of \$10,000, adjusted for inflation, 1996 - 2025, annual returns



Source: Bloomberg, Bureau of Labor Statistics, Ibbotson, J.P. Morgan Asset Management.

Large cap stocks: S&P 500 TR Index; Small cap stocks: Russell 2000 TR Index; Corporate bonds: Bloomberg Long U.S. Corporate Index; Cash: Bloomberg U.S. Treasury Bills Index. All returns are inflation-adjusted total returns, using annual average headline CPI inflation.

Guide to the Markets – U.S. Data are as of April 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

There's a risk/reward tradeoff

Know why you're investing

Know your "risk tolerance"

Have a plan before you invest, monitor and adjust

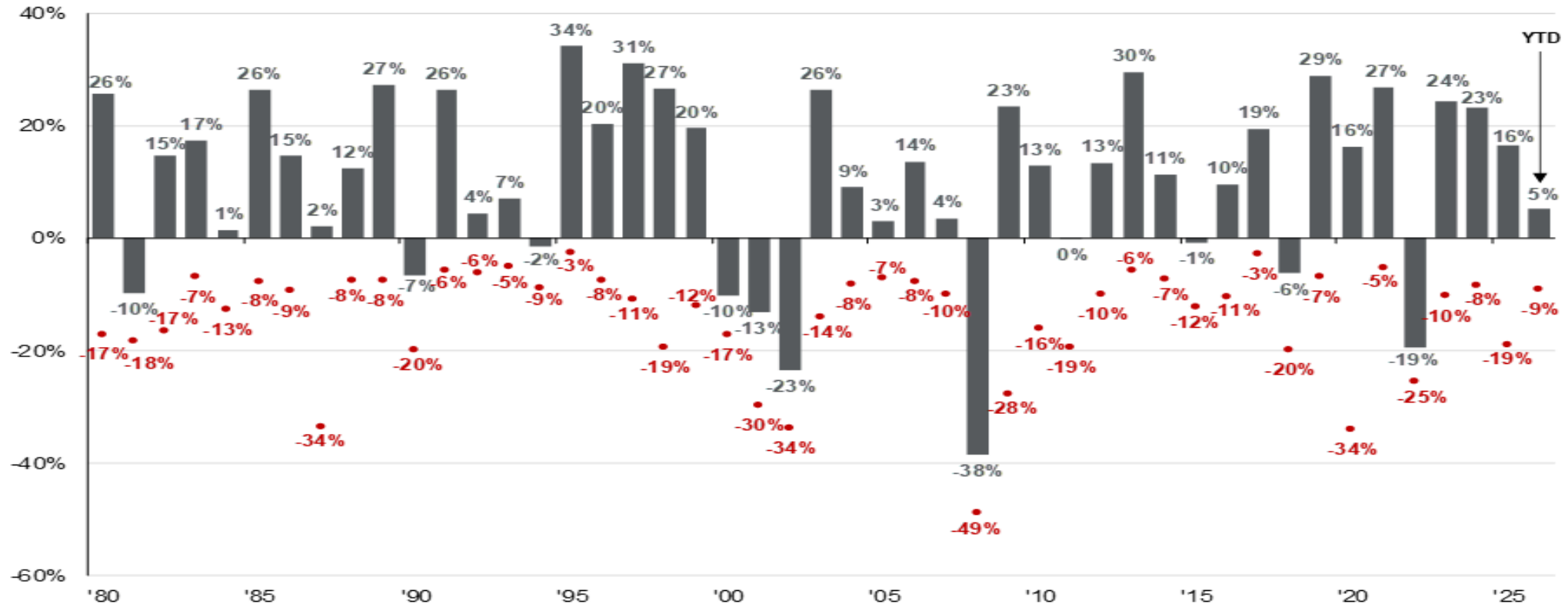
Stocks are volatile

Annual returns and intra-year declines

GTM | U.S. | 17

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results. Guide to the Markets – U.S. Data are as of April 30, 2026.

Don't let your emotions invest for you

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



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.

Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is no guarantee of future results. *Data prior to August 2024 adjusted by J.P. Morgan Asset Management to account for methodological changes by the University of Michigan. Guide to the Markets – U.S. Data are as of April 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

Asset class returns

GTM

U.S.

58

2011 - 2025		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Ann.	Vol.																
Large Cap	Small Cap	REITs	REITs	Small Cap	REITs	RBTs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap	EM Equity	Comdty.
14.1%	20.3%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	34.4%	29.6%
Small Cap	EM Equity	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Small Cap	DM Equity	EM Equity
9.5%	17.5%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	31.9%	14.6%
REITs	RBTs	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	RBTs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Asset Alloc.	Large Cap	Small Cap
7.8%	16.4%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	17.9%	13.2%
Asset Alloc.	DM Equity	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.	RBTs
7.3%	15.7%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	15.8%	13.1%
DM Equity	Comdty.	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	Comdty.	Asset Alloc.
7.1%	15.4%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	15.8%	6.7%
High Yield	Large Cap	Asset Alloc.	Large Cap	RBTs	Cash	Asset Alloc.	RBTs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	RBTs	Comdty.	Small Cap	DM Equity
5.7%	14.7%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	12.8%	6.4%
EM Equity	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	High Yield	Large Cap
4.2%	10.1%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	12.1%	5.7%
Fixed Income	High Yield	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Fixed Income	High Yield
2.4%	9.1%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	7.3%	1.2%
Cash	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	DM Equity	Cash	Cash
1.5%	4.6%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.3%	1.2%
Comdty.	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	RBTs	EM Equity	REITs	Comdty.	Fixed Income	RBTs	Fixed Income
-1.1%	0.9%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	2.3%	0.1%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large Cap: S&P 500, Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio is for illustrative purposes only and assumes annual rebalancing with the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Annualized (Ann.) return and volatility (Vol.) represents the period from 12/31/2010 to 12/31/2025. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is no guarantee of future results.

Guide to the Markets – U.S. Data are as of April 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

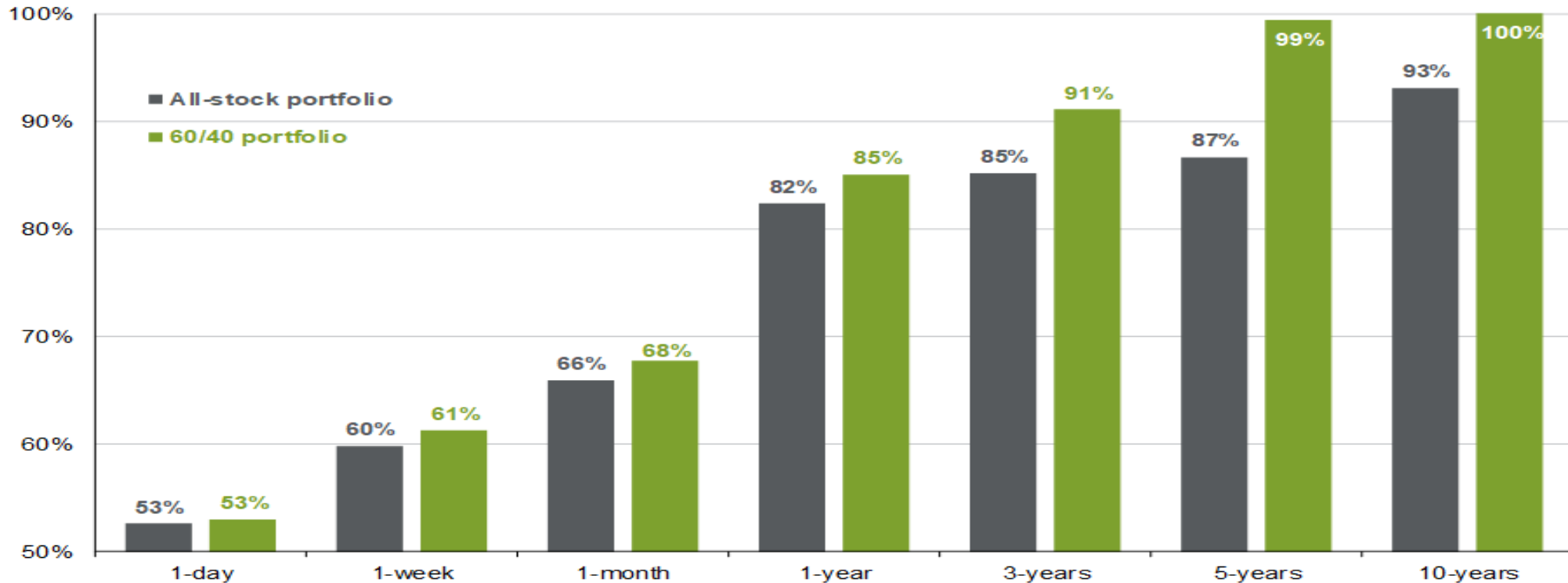
Diversification is the market's one Free Lunch

Diversification and the frequency of positive returns

GTM | U.S. | 62

Frequency of positive returns across timeframes

Rolling total daily returns, Jan 1, 1989 - Dec 31, 2025



Source: Bloomberg, FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of April 30, 2026.

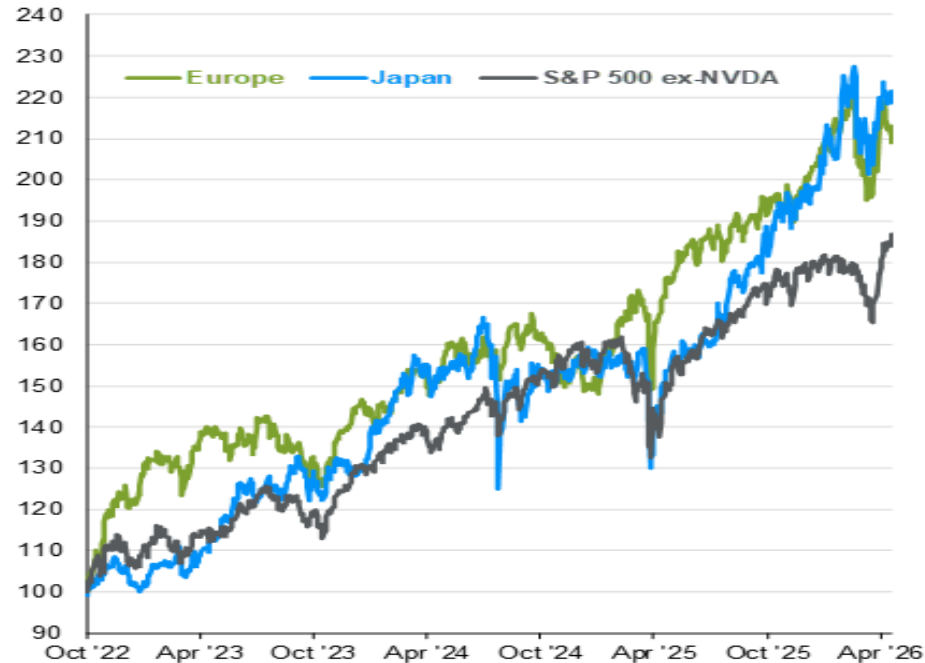
J.P.Morgan
ASSET MANAGEMENT

Remember to include international

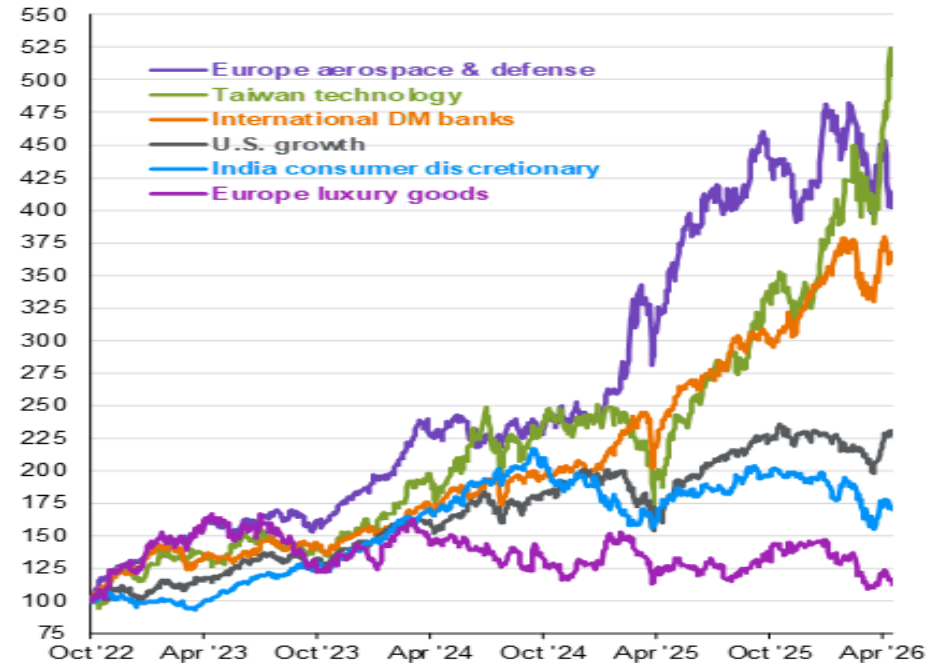
Global equity return themes

GTM | U.S. | 47

Regional performance since 2022
Oct 12, 2022 = 100, total return, USD



Major global investment themes
Oct 12, 2022 = 100, total return, USD



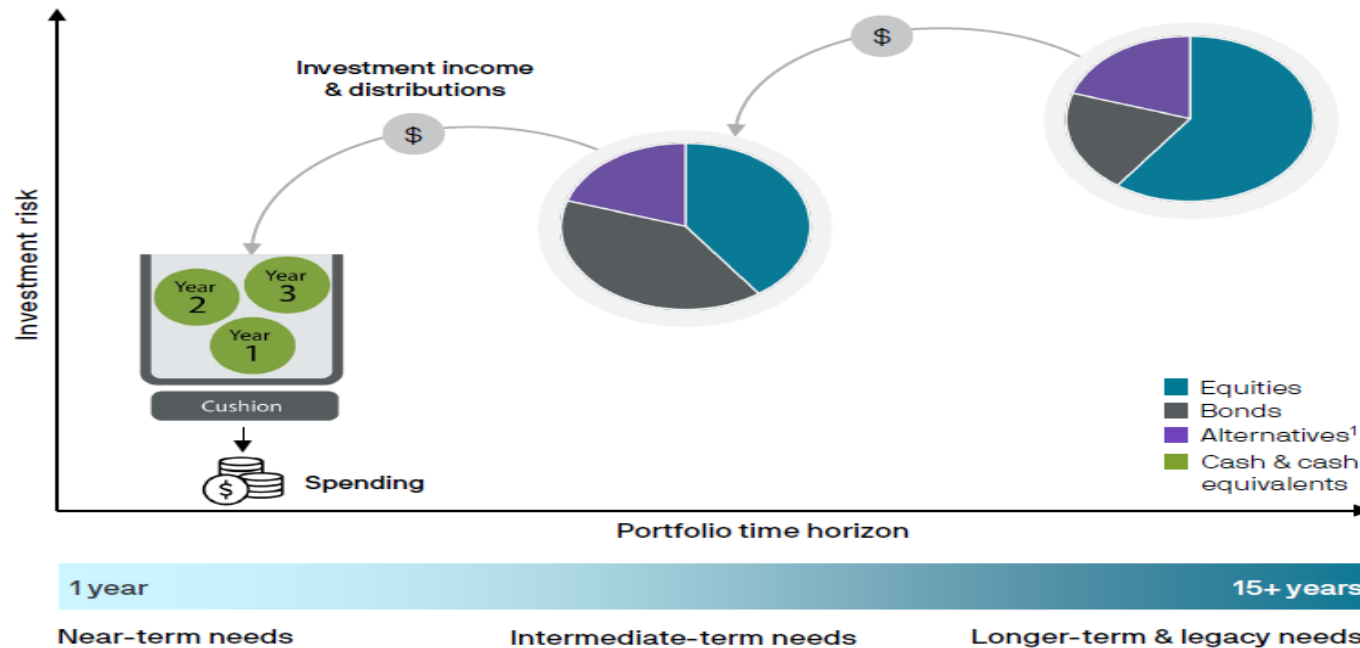
Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
10/12/2022 was the market bottom for U.S. equities. (Right) Europe aerospace & defense = MSCI Europe / Aerospace & Defense Index, International DM banks = MSCI EAFE / Banks Index, Taiwan technology = MSCI Taiwan / Information Technology Index, U.S. Growth = Russell 1000 Growth Index, India consumer discretionary = MSCI India / Consumer Discretionary Index, Europe luxury goods = MSCI Europe / Textiles & Apparel & Luxury Goods Index. Past performance is no guarantee of future results.
Guide to the Markets – U.S. Data are as of April 30, 2026.

Align your investments with your time frame and risk tolerance

Structuring a portfolio in retirement: The bucket strategy

GTR

39



Time-based segmentation

Aligning your time horizon with an investment approach may help you to be more comfortable with maintaining diversified portfolio allocations in retirement.

For the near-term portfolio, consider maintaining:

- Funds to cover 1-3 years of the gap between your income and spending needs
- A cushion for unexpected expenses

For illustrative purposes only. Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Equity securities are subject to stock market risk, meaning that stock prices in general may decline over short or extended periods of time. Investing in alternative assets involves higher risks than traditional investments and is suitable only for the long term. They are not tax efficient and have higher fees than traditional investments. They may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain.

¹Equity, fixed income and cash are considered traditional asset classes. The term "alternative" describes all non-traditional asset classes. They include private and public equity, venture capital, hedge funds, real estate, commodities, distressed debt and more.

Source: J.P. Morgan Asset Management.

J.P.Morgan
ASSET MANAGEMENT

It's time in the market, not market timing

Time, diversification and the volatility of returns

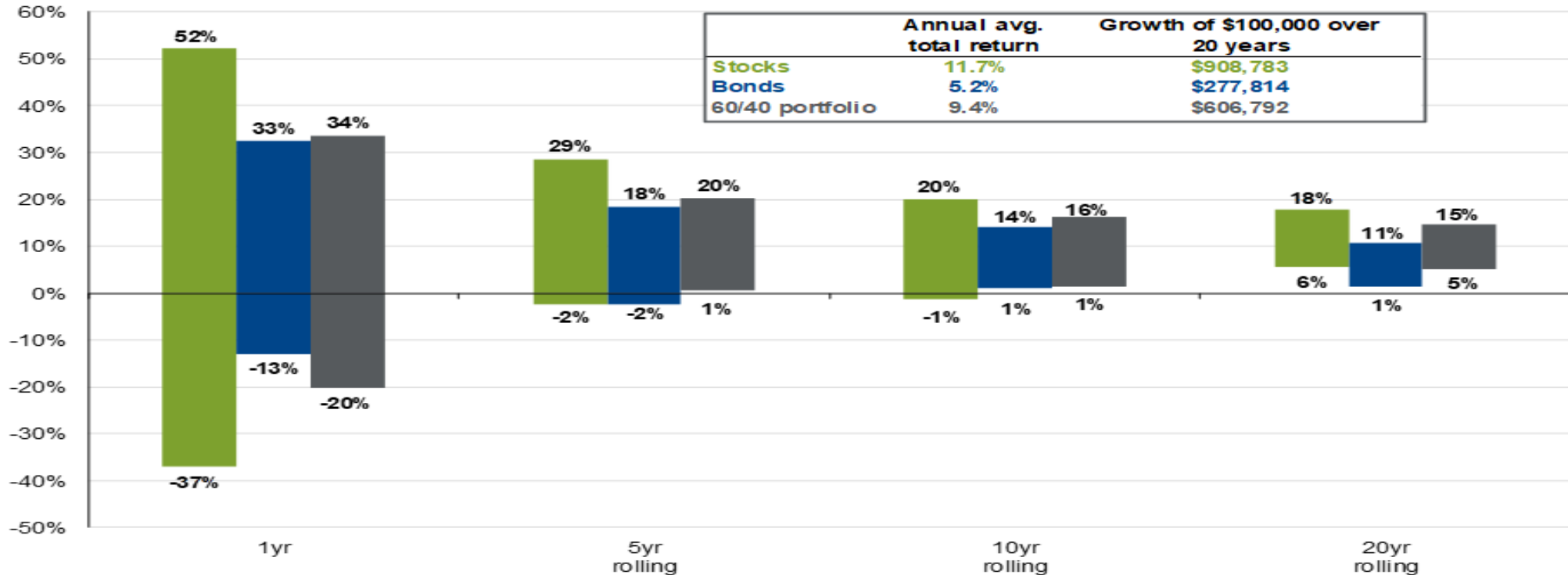
GTM

U.S.

59

Range of stock, bond and blended total returns

Annual total returns, 1950 - 2025

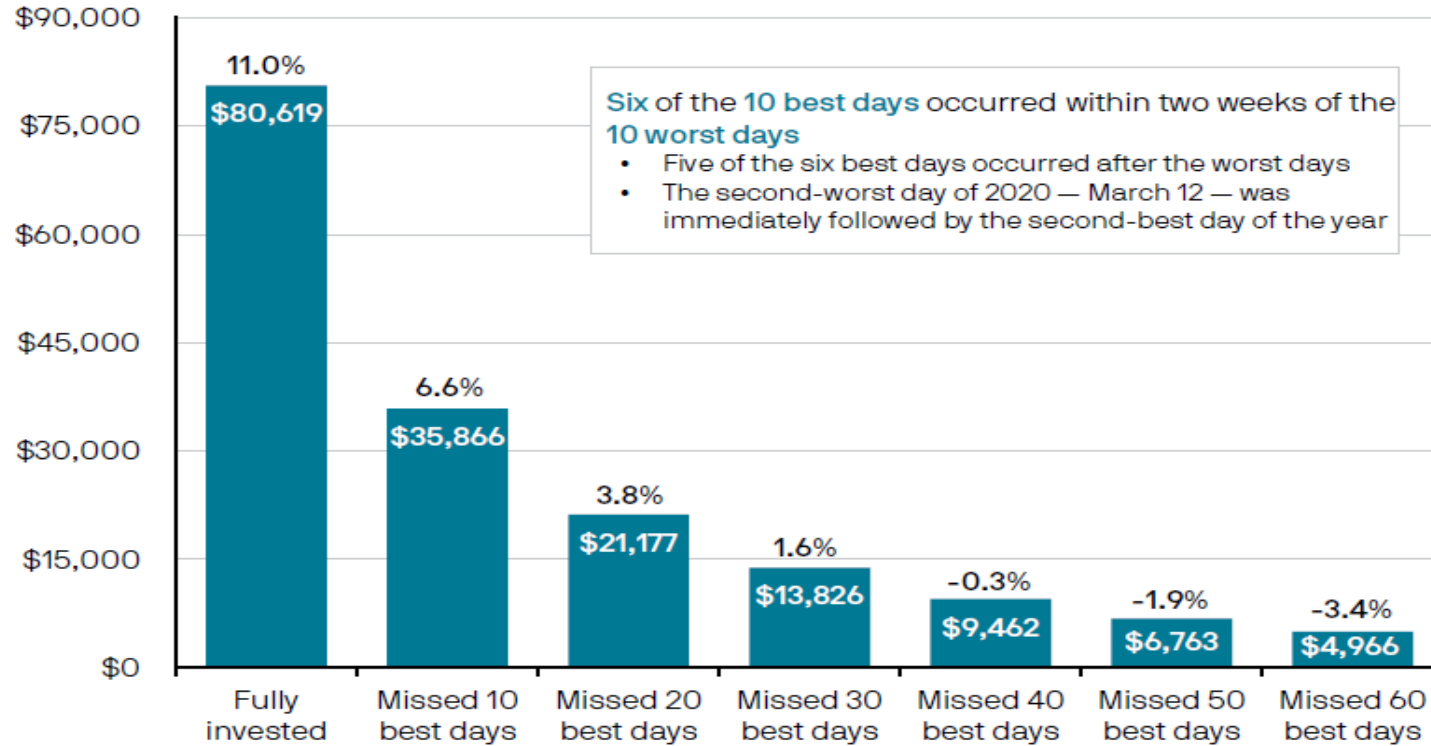


Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2025. Stocks: S&P 500; Bonds: Strategas/Ibbotson for periods prior to 1976 and the Bloomberg U.S. Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2025. Guide to the Markets – U.S. Data are as of April 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

Returns of the S&P 500

Performance of a \$10,000 investment between January 2, 2006 and December 31, 2025

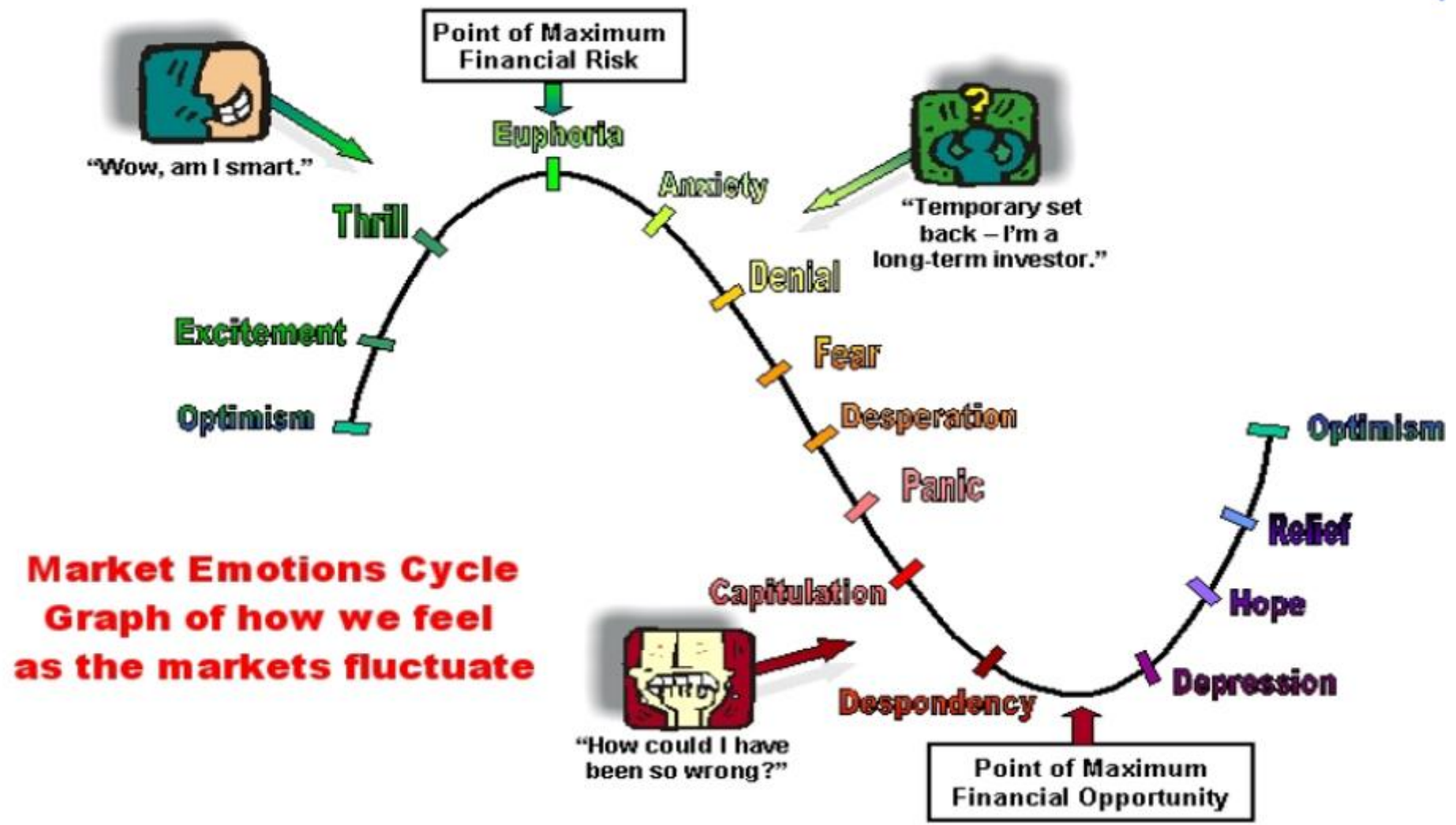


Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking “control” by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2025. Source: J.P. Morgan Asset Management using data from Bloomberg.



Market Emotions Cycle
Graph of how we feel
as the markets fluctuate

Have 2+ years of a cash cushion

- * Protects against sequence of returns risk/market volatility
 - it's impossible to time the market
 - protects you against selling out at just the wrong time
 - helps you ride out the difficult times in the market

Resources

JP Morgan's Guide to the Markets and Guide to Retirement

A Richer Retirement: Supercharging the 4% Rule to Spend More and Enjoy More, by William P. Bengen.