

# Investing for Successful Retirement

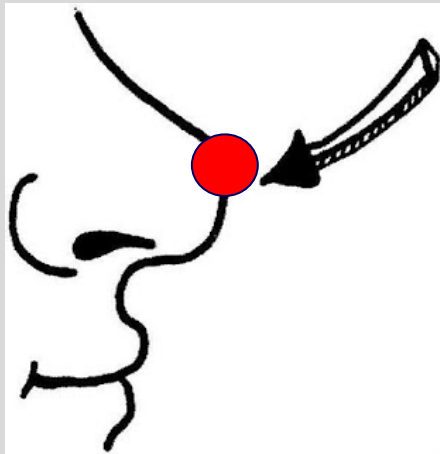
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**UD Osher – OLLI**  
**Fall 2025**

- **Rajeev A. Vaidya**
- **Ron Materniak**

# Disclaimer in plain language

## Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

**This is not investment advice or recommendation.**

**Ron, and I are not a financial advisors.**

**This course is for educational purposes only.**

Form your own opinion, make your own investment decisions.

# Fourth Class – Sep. 24<sup>th</sup>

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- Market Update
- Investing in International Markets
  - Currency Risk / Opportunity
  - Equities
    - ADRs
    - Dividends and taxes
  - Bonds
- Questions

# Use of AI in Investment decisions

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- Ask perplexity.ai – Which sectors see the biggest gains from a reduction in interest rate by the Federal Reserve in a slowing economy? Also, do small caps see a bigger impact than big caps?
  
- Proposal for an Extra Curricular activity class next semester
  - “How do you use AI in your investment decisions”
  - Discussion, not lectures – no charts, live AI interaction if useful
  - Pre-requisite – You use AI tools and are willing to share your experience with others in the class
  - Small class – limit 20 students?
  - 5 weeks Feb 2<sup>nd</sup> through March 6<sup>th</sup> – Probably Wednesday at 2.30pm
  - I asked the class if anyone will volunteer to be a co-instructor with me.
  - Doing Zoom polls to see if this is a bridge too far.

# Use of AI in Investment decisions

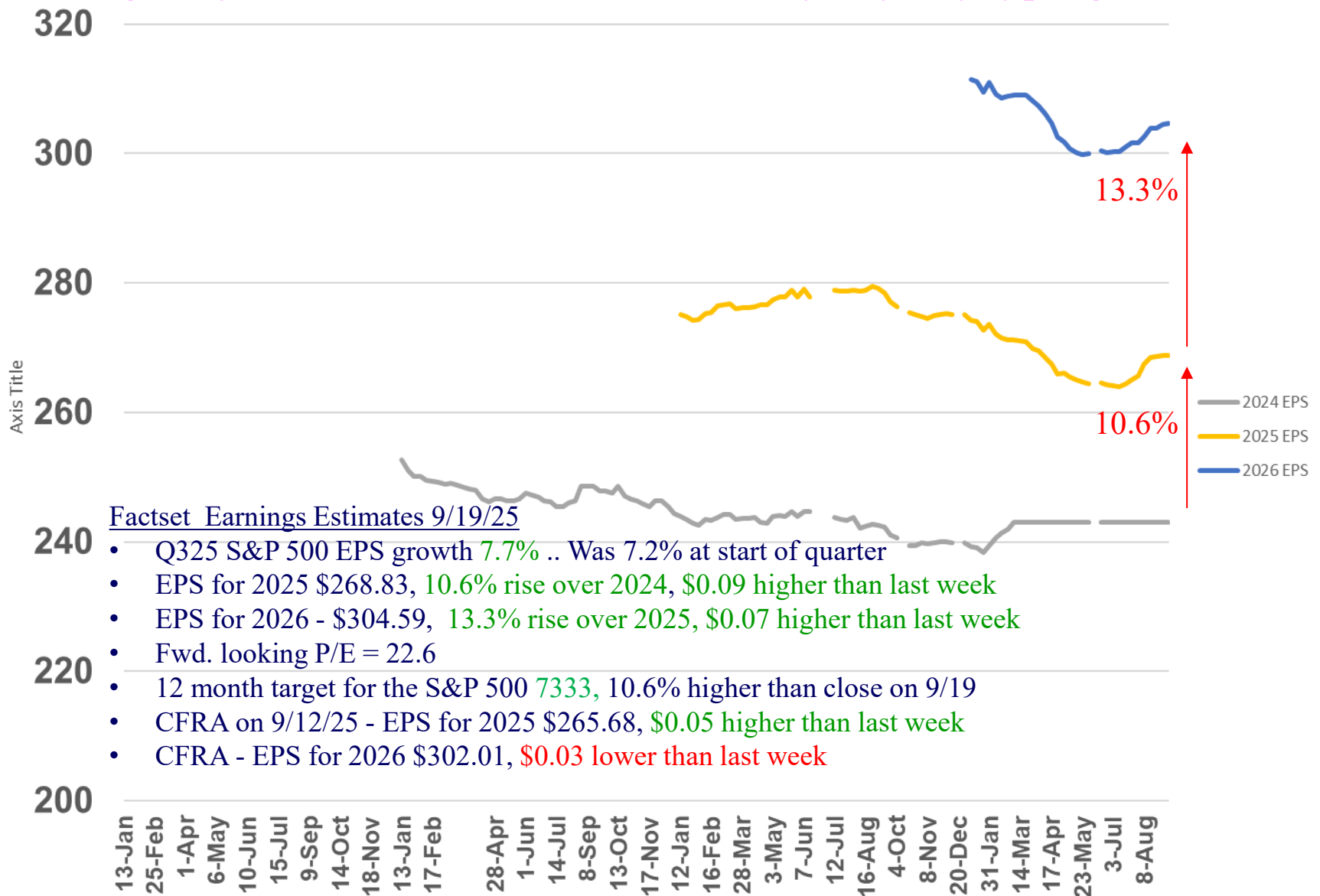
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Proposal for an Extra Curricular activity class next semester

- “How do you use AI in your investment decisions”
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- Miray Pereira has volunteered to be the Co-Pilot.

# Factset(R) - S&P 500 Calendar year earnings forecast

[https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight\\_091925.pdf](https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_091925.pdf)



\$SPX S&P 500 Large Cap Index INDX

23-Sep-2025

Open 6692.44 High 6699.52 Low 6645.58 Close 6656.92 Volume 3.1B Chg -36.83 (-0.55%)

© StockCharts.com

▲ RSI(14) 67.49

— MACD(12,26,9) 70.085, 61.558, 8.527

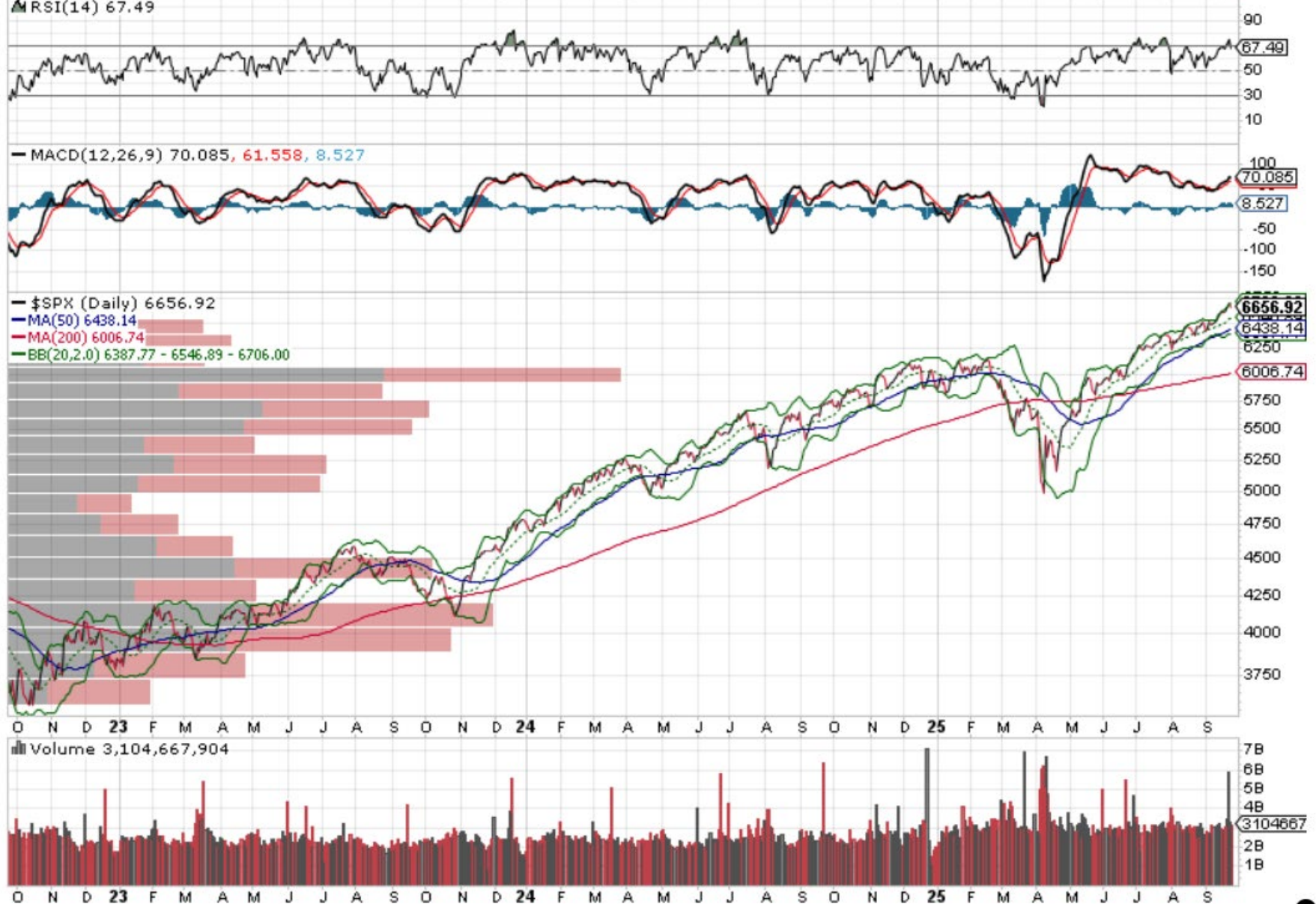
— \$SPX (Daily) 6656.92

— MA(50) 6438.14

— MA(200) 6006.74

— BB(20,2,0) 6387.77 - 6546.89 - 6706.00

Volume 3,104,667,904





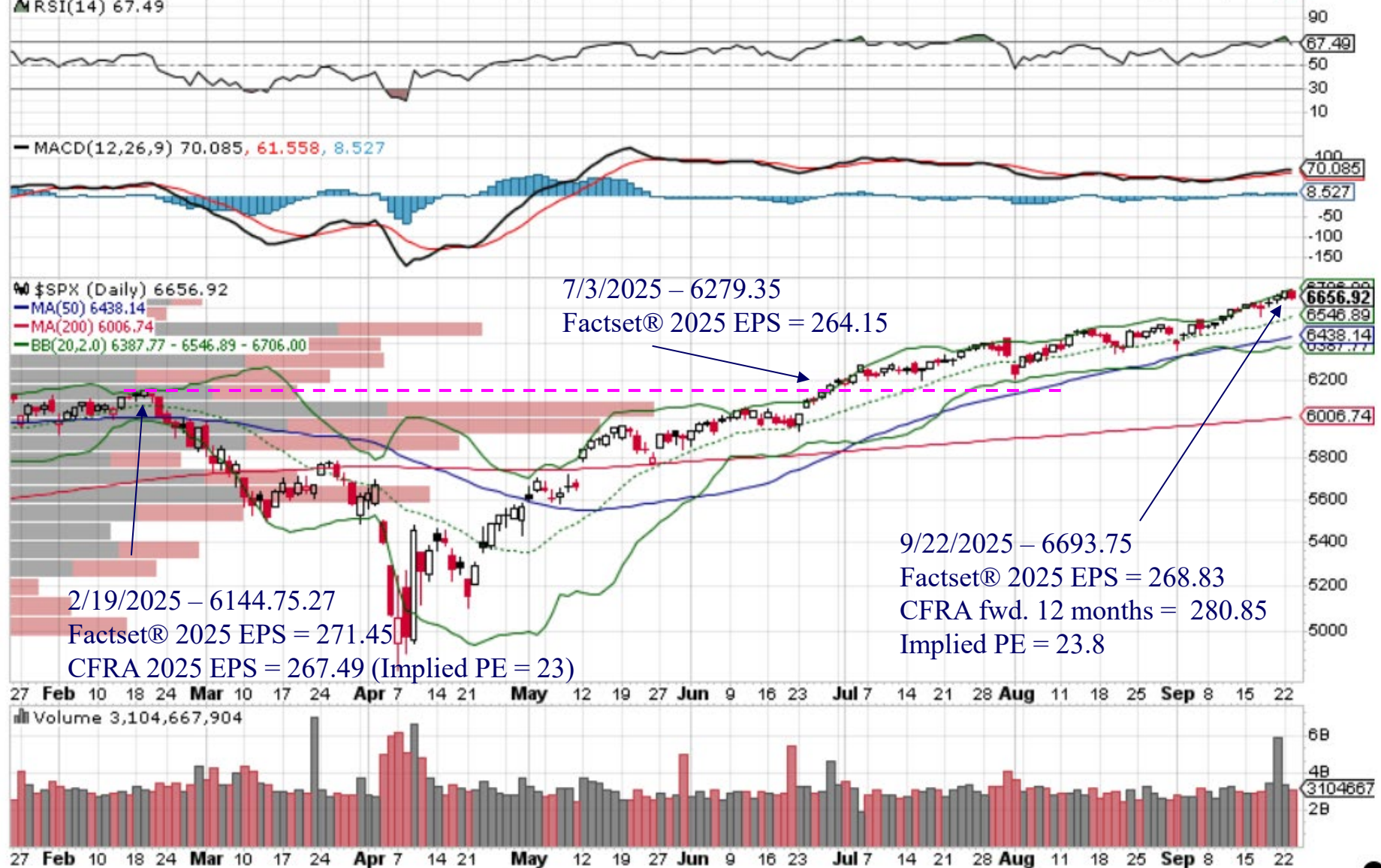
**\$SPX** S&P 500 Large Cap Index IND

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© StockCharts.com





# Market Breadth – another way

SPY SPDR S&P 500 ETF NYSE

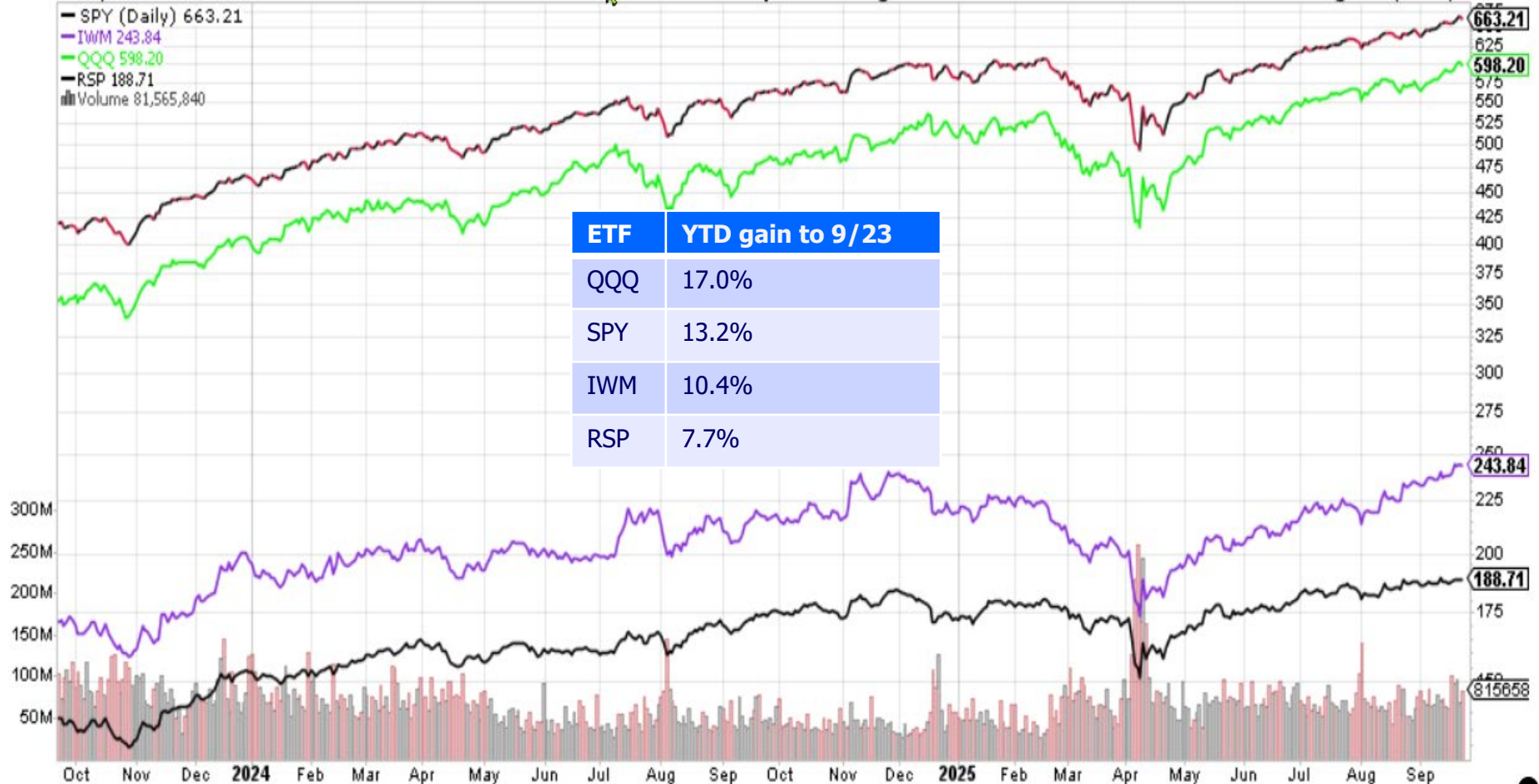
23-Sep-2025

Open 666.72 High 667.34 Low 661.98 Close 663.21 Volume 81.6M Chg -3.63 (-0.54%)

© StockCharts.com

— SPY (Daily) 663.21  
— IWM 243.84  
— QQQ 598.20  
— RSP 188.71  
■ Volume 81,565,840

ETF	YTD gain to 9/23
QQQ	17.0%
SPY	13.2%
IWM	10.4%
RSP	7.7%



# \$NYAD NYSE - Advance-Dcline Issues INDX

23-Sep-2025

© StockCharts.com

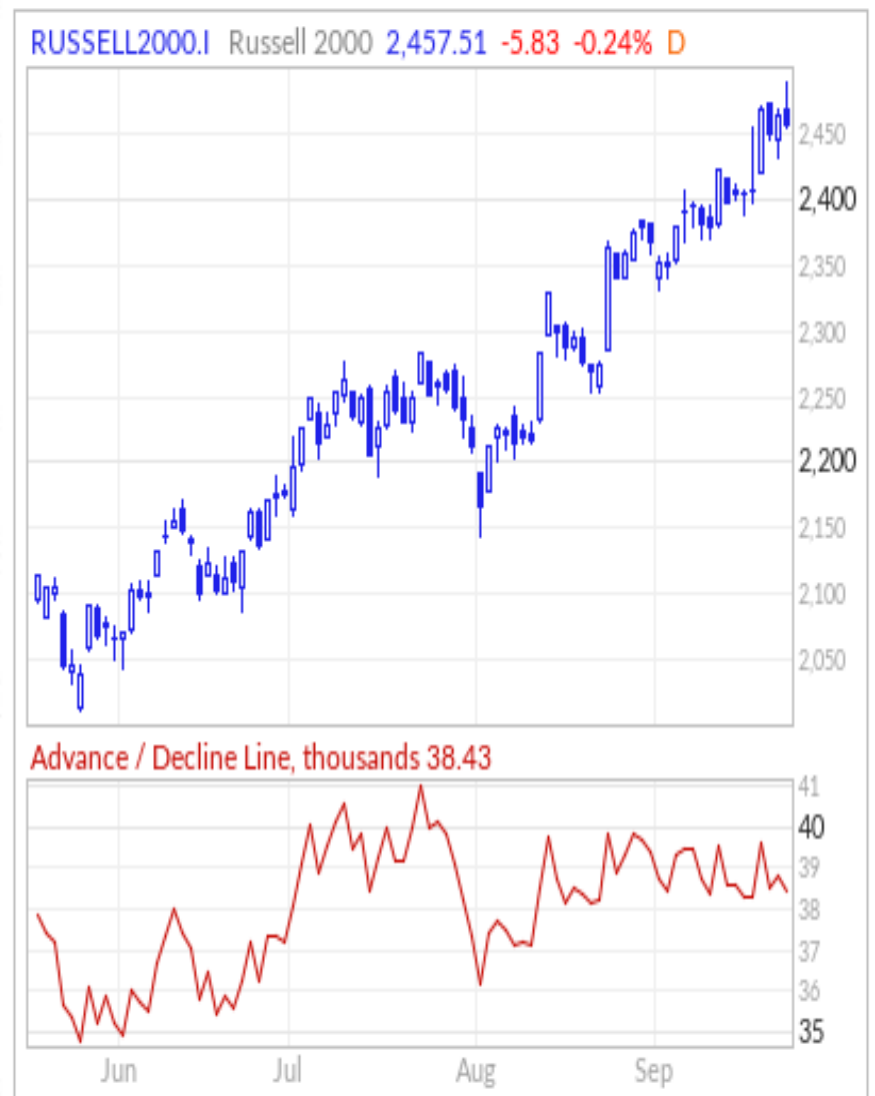
Open 57594.00 High 57594.00 Low 57594.00 Close 57594.00 Chg -177.00 (-0.31%)

— \$NYAD Cumulative 57594.00  
— MA(50) 53669.76



— \$SPX 6656.92









# Weekly Market direction

guywerner@verizon.net

COLUMNS C,D AND E ARE FROM IBD AND PROVIDED BY DAVE (IN THE NORTH) SMITH			DISTRIBUTION DAYS		SINDU AVERAGE						S&P 500 TRIPLE SCREEN						NASDAQ TRIPLE SCREEN					
	DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE
SAT	09/06/25	FOR THE WEEK							-144	-0.32%					31	0.48%					245	1.14%
SUN	09/07/25	YTD							2,856	6.71%					610	10.37%					2,390	12.38%
MON	09/08/25	CONFIRMED UP (80% -100%)	6	6	P	0	P	45,514	114	0.25%	P	F	P	6,495	4	0.06%	P	F	P	21,798	98	0.45%
TUE	09/09/25	CONFIRMED UP (80% -100%)	6	6	P	0	P	45,711	197	0.43%	P	F	P	6,512	17	0.26%	P	F	P	21,879	81	0.37%
WED	09/10/25	CONFIRMED UP (80% -100%) CPI	6	5	P	F	P	45,490	-221	-0.48%	P	0	P	6,532	20	0.31%	P	0	P	21,886	7	0.03%
THUR	09/11/25	CONFIRMED UP (80% -100%) PPI	6	5	P	0	P	46,108	618	1.36%	P	P	P	6,587	55	0.84%	P	P	P	22,043	157	0.72%
FRI	09/12/25	CONFIRMED UP (80% -100%)	6	5	P	0	P	45,834	-274	-0.59%	P	P	P	6,584	-3	-0.05%	P	P	P	22,141	98	0.44%
SAT	09/13/25								434	0.96%					93	1.43%					441	2.03%
SUN	09/14/25								3,290	7.73%					703	11.95%					2,831	14.66%
MON	09/15/25	CONFIRMED UP (80% -100%)	6	3	P	0	P	45,883	49	0.11%	P	P	P	6,615	31	0.47%	P	P	P	22,348	207	0.93%
TUE	09/16/25	CONFIRMED UP (80% -100%)	6	2	P	0	P	45,757	-126	-0.27%	P	P	P	6,606	-9	-0.14%	P	P	P	22,333	-15	-0.07%
WED	09/17/25	CONFIRMED UP (80% -100%) FED SPEAK	6	3	P	0	P	46,018	261	0.57%	P	P	P	6,600	-6	-0.09%	P	P	P	22,261	-72	-0.32%
THUR	09/18/25	CONFIRMED UP (80% -100%)	6	3	P	0	P	46,142	124	0.27%	P	P	P	6,631	31	0.47%	P	P	P	22,470	209	0.94%
FRI	09/19/25	CONFIRMED UP (80% -100%)	6	2	P	0	P	46,315	173	0.37%	P	P	P	6,664	33	0.50%	P	P	P	22,631	161	0.72%
SAT	09/20/25								481	1.05%					80	1.22%					490	2.21%
SUN	09/21/25								3,771	8.86%					783	13.31%					3,321	17.20%
MON	09/22/25	CONFIRMED UP (80% -100%)	5	2	P	P	P	46,381	66	0.14%	P	P	P	6,693	29	0.44%	P	P	P	22,788	157	0.69%
TUE	09/23/25	CONFIRMED UP (80% -100%)	5	2	P	P	P	46,292	-89	-0.19%	P	P	P	6,656	-37	-0.55%	P	P	P	22,573	-215	-0.94%

[https://drive.google.com/drive/folders/0B6Qc\\_gipshXMclzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg](https://drive.google.com/drive/folders/0B6Qc_gipshXMclzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg)

# Market Summary – Stockcharts®

Stockcharts.com → Main Screen → Market Analysis

**New feature** – Market Summary

KELLER MARKET MODELS			
MACRO MODEL STOCKS MODEL			
	ST	MT	LT
Stocks (SPY)	↑	↑	↑
Bonds (TLT)	↑	↑	↓
Commodities (DBC)	↑	↑	↑
US Dollar (\$USD)	↓	↓	↓

KELLER MARKET MODELS			
MACRO MODEL STOCKS MODEL			
	ST	MT	LT
S&P 500 (SPY)	↑	↑	↑
S&P 400 (MDY)	↑	↑	↑
Russell 2000 (IWM)	↑	↑	↑
NASDAQ 100 (QQQ)	↑	↑	↑

# The Value Line Investment Survey

ISSUE 8  
Pages 2093-2104



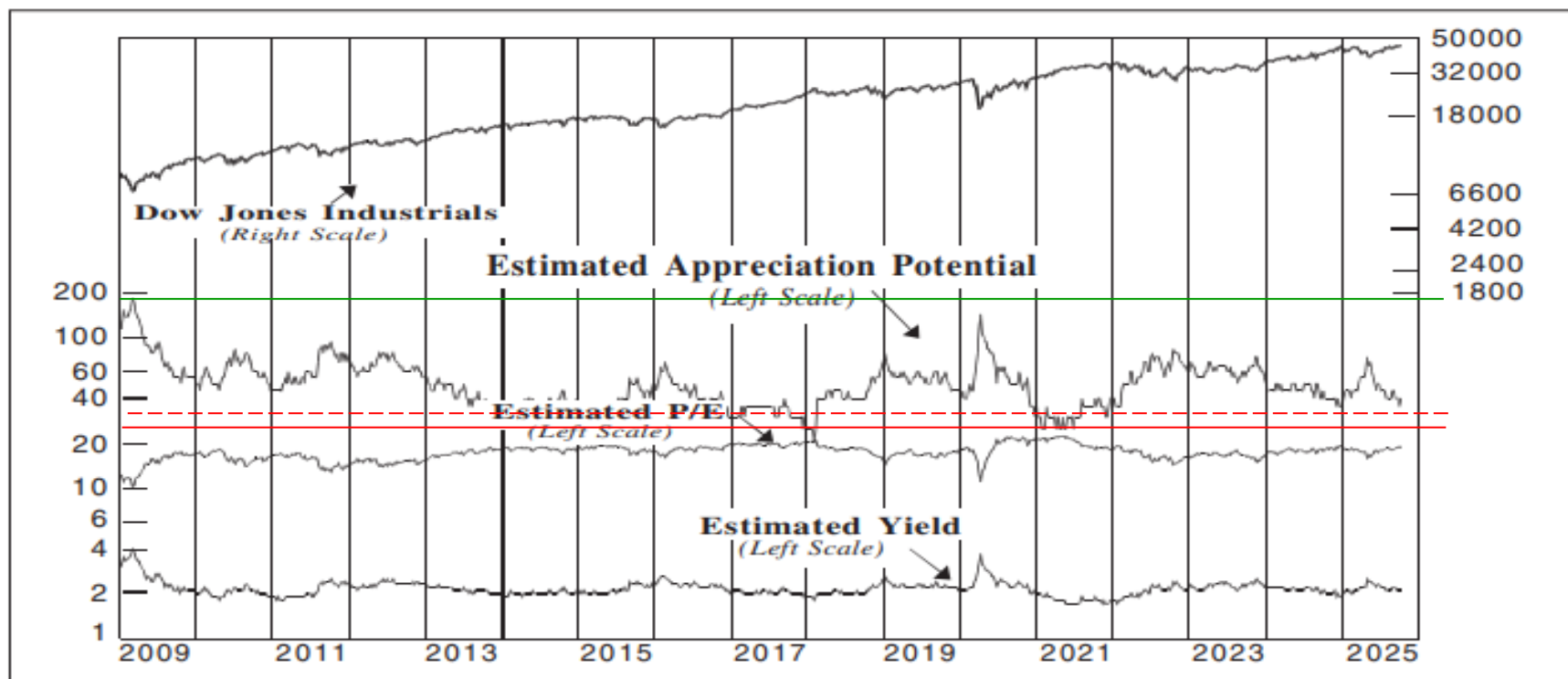
Value Line®

Part 2 File in page order in the Selection & Opinion binder.

**SELECTION & OPINION**

September 26, 2025

**VALUE LINE ESTIMATED P/E, YIELD, APPRECIATION POTENTIAL VERSUS DOW JONES INDUSTRIALS**  
(January 2, 2009–September 15, 2025)





# US govt bonds – TLT & SGOV

SGOV – Short term 0 to 3 month US treasuries

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM  
23-Sep-2025

© StockCharts.com

Open 88.96 High 89.36 Low 88.75 Close 89.32 Volume 26.7M Chg +0.62 (+0.70%)

TLT (Daily) 89.32  
SGOV 100.64  
Volume 26,654,816



# Fourth Class – Sep. 24<sup>th</sup>

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- Market Update
- Investing in International Markets
  - Currency Risk / Opportunity
  - Equities
    - ADRs
    - Dividends and taxes
  - Bonds
- Questions

# Types of Risk – International

- Systematic Risk – macroeconomic and other “system” events that influence the value of financial assets in general.
  - Geopolitical risk
  - Political Risk in the country
  - Inflation
- Unsystematic Risk
  - Risks to specific asset classes
    - Measured by volatility in the asset class
    - Correlation of the asset class to the economy and other asset classes.
  - Risks to specific investments within an asset class
    - Measured by volatility in a specific investment
  - Currency risk
    - Movement in valuation of currency vs. the US\$

# U.S. Dollar

\$USD US Dollar - Cash Settle FOREX

24-Sep-2025 9:42am

\$USD (Weekly) 97.63

MA(40) 101.60

Volume undef

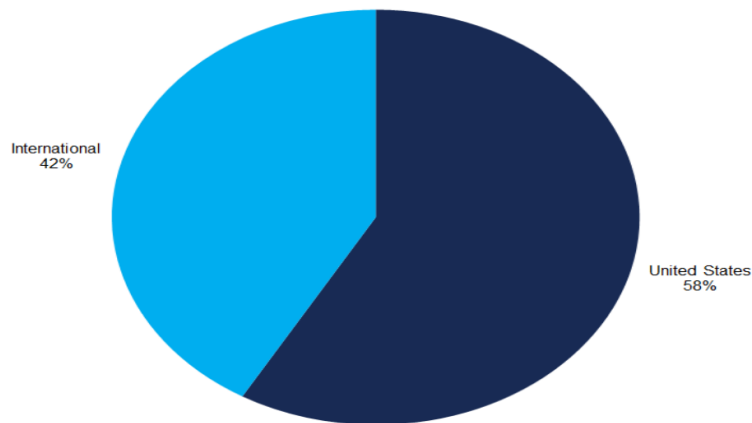
Open 97.65 High 97.82 Low 97.20 Last 97.63 Chg -0.02 (-0.02%)

© StockCharts.com

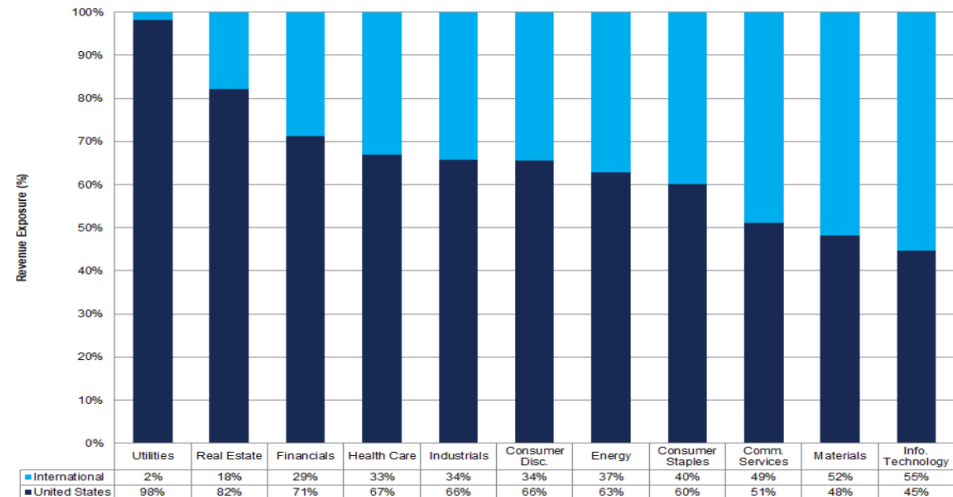


# Benefit from a falling US dollar

**S&P 500: Aggregate Geographic Revenue Exposure (%)**  
(Source: FactSet)



**S&P 500: Aggregate Sector Geographic Revenue Exposure (%)**  
(Source: FactSet)



## Very rough calculation

1. A 10% depreciation in the US dollar based on historical analysis and current index concentration results in an approximately 6% increase in S&P 500 earnings. - Source – Msoft CoPilot --> Reuters 7/22/2025
2. The US dollar has depreciated just about 10% so far in 2025 and the next technical support level below current valuations suggests room for a further 8% depreciation.
3. An 17% drop in US \$ value in 2025 would have an approx. 10% impact on 2026 EPS !!

# Currency Risk in investments

Country = Paradise currency is Moolah (M)

Company = Nirvana Enterprises Symbol NV

## □ Today

- 10 Moolah (M) = 1 US\$
- NV price is 5 M
- Buy 20 shares of NV for 100 M = 10 US\$

## □ 1 year later

- NV increases in value by 10% to 5.5 M
  - Investment value = 110 M
- Currency "M" depreciates in value by 10%
  - 11 M = 1 US\$
- You sell the stock for 110 M and convert back to US\$
  - You get 10 US\$ in return

## □ Return on Investment

- Local Currency = 10%
- On a US\$ basis = 0%

Change in the US Dollar	Intl. investors investing in the US	US investors investing abroad
↑	↑	↓
↓	↓	↑



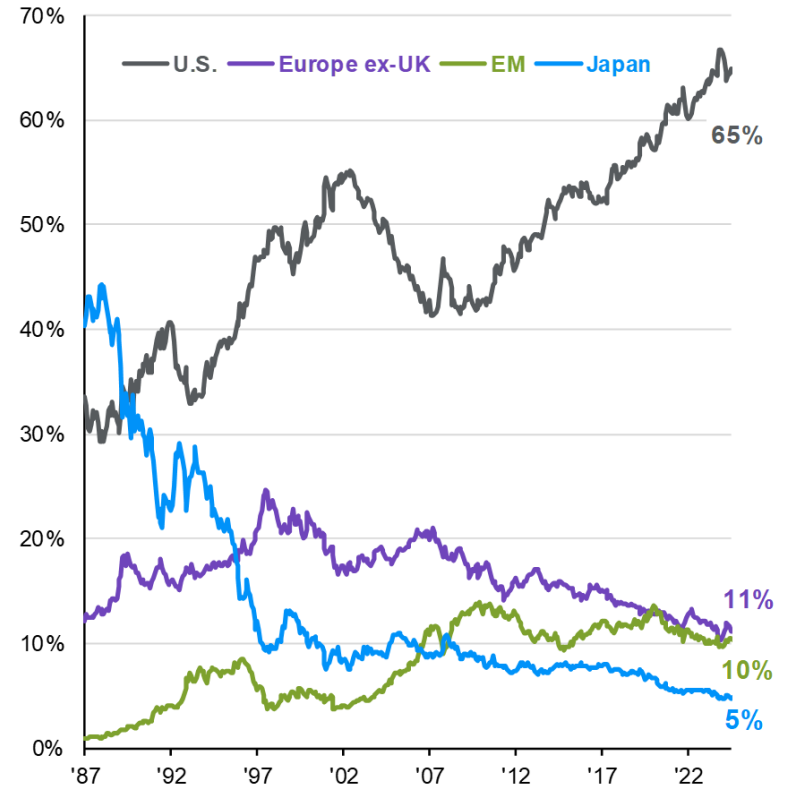
# Global equity markets

GTM U.S. 45

Returns	YTD 2025		2024		15-years
	Local	USD	Local	USD	
Regions					
U.S. (S&P 500)	-	10.8%	-	25.0%	15.0%
AC World ex-U.S.	13.8%	22.2%	13.2%	6.1%	7.0%
EAFE	12.1%	23.3%	11.8%	4.3%	7.8%
Eurozone	15.2%	30.2%	10.3%	3.4%	8.3%
Emerging markets	16.7%	19.6%	13.7%	8.1%	4.6%
Selected Countries					
Japan	10.3%	18.1%	21.2%	8.7%	7.6%
UK	15.6%	24.7%	9.5%	7.5%	6.9%
France	7.5%	21.6%	1.8%	-4.6%	8.5%
Canada	17.2%	22.7%	23.0%	12.7%	7.4%
Germany	18.8%	34.3%	18.4%	11.0%	8.7%
China	29.1%	29.2%	19.8%	19.7%	4.6%
Taiwan	7.9%	15.7%	44.3%	35.1%	13.5%
India	2.0%	-1.0%	15.7%	12.4%	6.7%
Brazil	19.0%	33.1%	-11.4%	-29.5%	-0.2%

## Share of global market capitalization

% weight in MSCI All Country World, USD, monthly



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) All return values are MSCI Total Return Index (Gross) data. 15-year history based on USD returns. 15-year annualized return figures are calculated using a rolling 12-month period ending with the previous month-end. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results.  
Guide to the Markets – U.S. Data are as of August 31, 2025.

**J.P.Morgan**  
ASSET MANAGEMENT



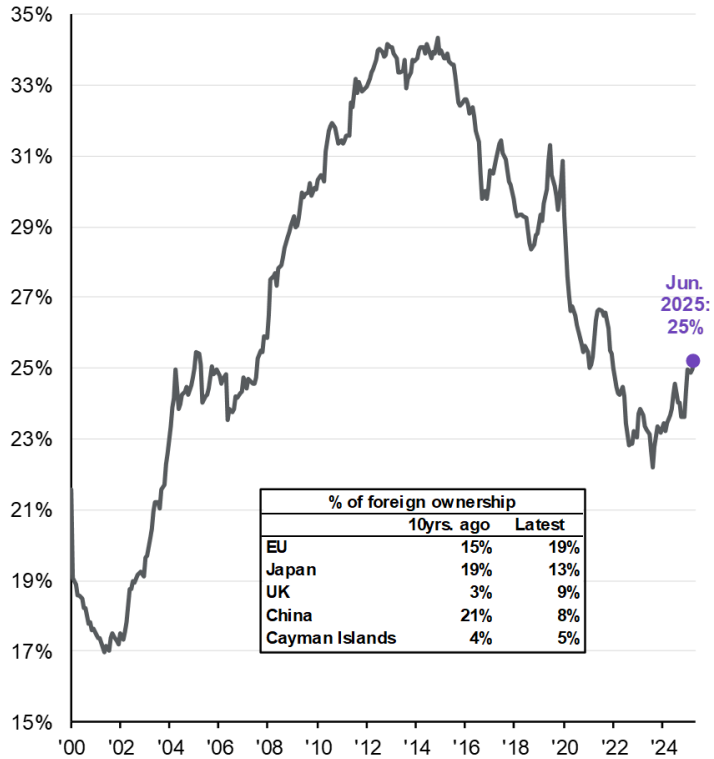


## Foreign ownership of U.S. assets

GTM U.S. 52

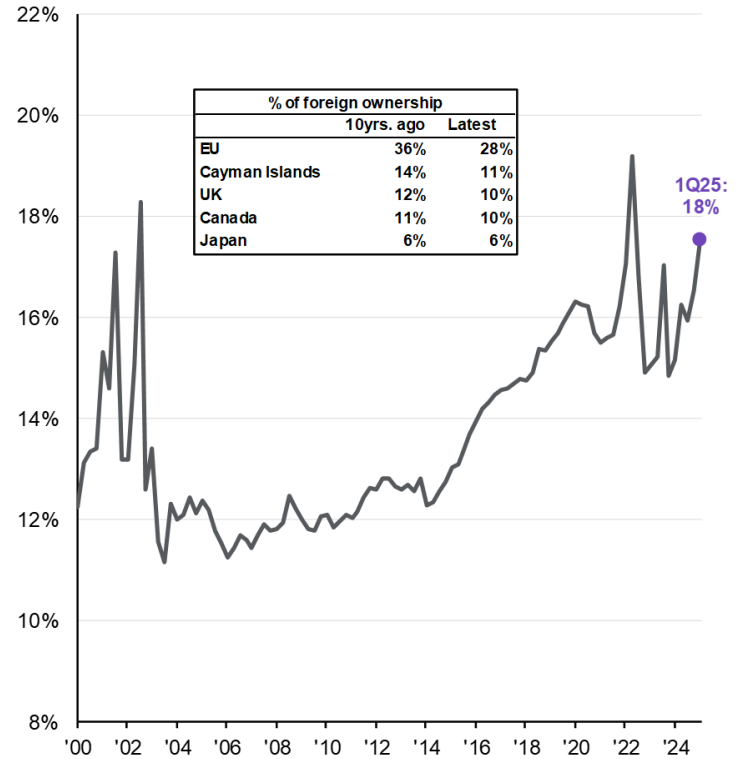
### Foreign Treasury holdings

% of total U.S. Treasuries outstanding, monthly



### Foreign U.S. equity holdings

% of total U.S. corporate equity, market value, quarterly



Source: Bloomberg, Federal Reserve, U.S. Department of Treasury, J.P. Morgan Asset Management. The top five holders listed in the tables are based on the latest data. May not represent the top five holders 10 years ago. (Left) Latest represents the latest monthly data on an approximate two-month lag based on data availability. (Right) Total foreign equity holdings as a percentage of total U.S. corporate equity data (market value) are published quarterly and are shown in the graph. Data found in the table are based on monthly data from the Treasury International Capital (TIC) system, which is a U.S. government reporting system that collects data on cross-border capital flows and positions.

Guide to the Markets – U.S. Data are as of August 31, 2025.

**J.P.Morgan**  
ASSET MANAGEMENT



# Global equity performance and the U.S. dollar

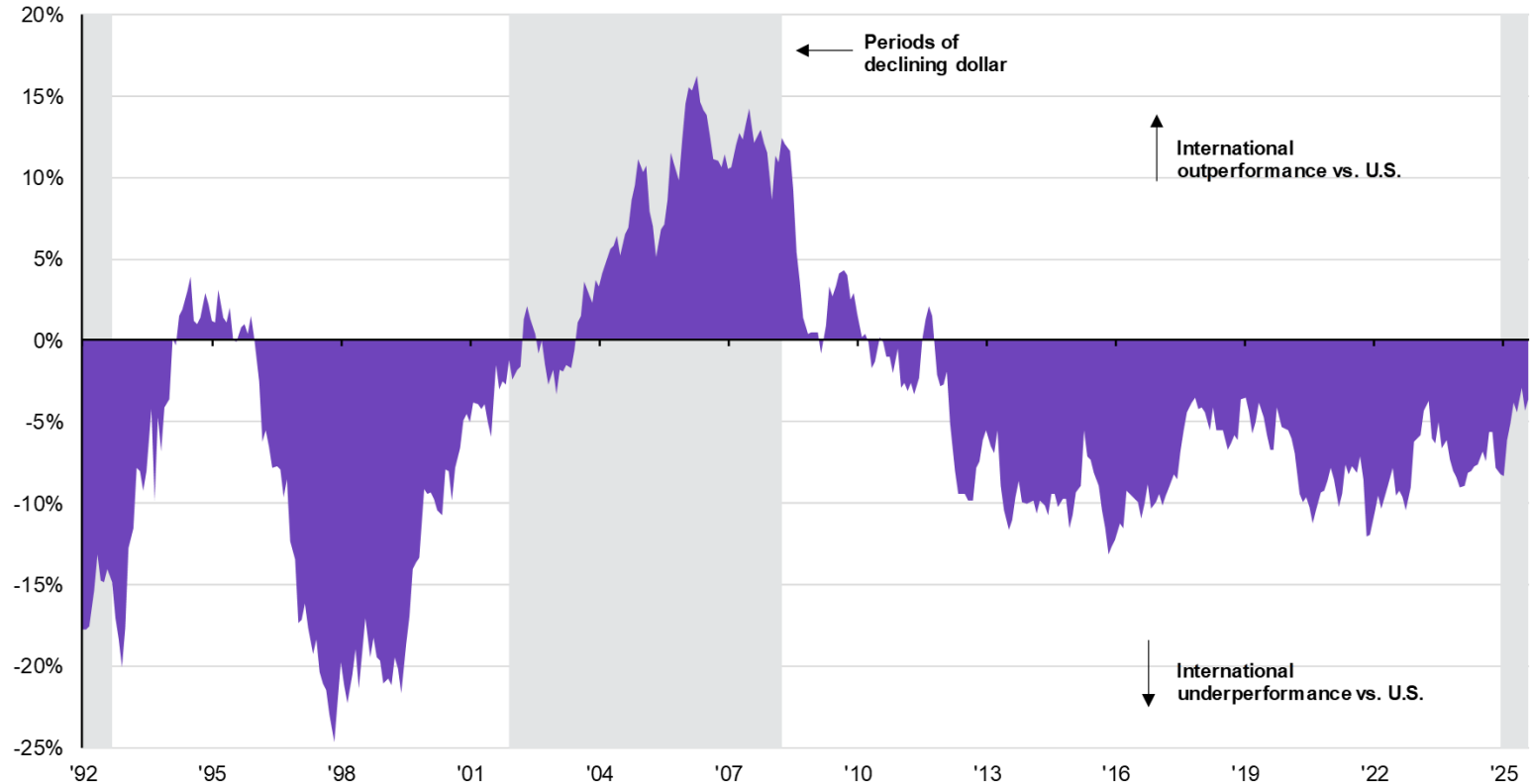
GTM

U.S.

46

## Cycles of international outperformance and the U.S. dollar

International out/underperformance versus U.S., MSCI AC World ex-U.S., S&P 500, total return, USD, rolling 3-yrs. ann.



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results.  
Guide to the Markets – U.S. Data are as of August 31, 2025.

J.P.Morgan  
ASSET MANAGEMENT



## Asset class returns

GTM

U.S.

58

2010–2024		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Ann.	Vol.																
Large Cap	Small Cap	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Com dty.	Large Cap	Large Cap	DM Equity
13.9%	20.6%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	23.3%
Small Cap	EM Equity	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Small Cap	EM Equity
10.3%	17.9%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	19.6%
REITs	REITs	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Com dty.	High Yield	Small Cap	Asset Alloc.	Large Cap
9.4%	16.8%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	10.8%
Asset Alloc.	DM Equity	Com dty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Com dty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.
7.2%	16.5%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	10.3%
High Yield	Com dty.	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	High Yield
5.9%	16.1%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	8.9%
DM Equity	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Com dty.	Com dty.
5.7%	15.1%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	7.1%
EM Equity	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	Small Cap
3.4%	10.4%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	7.1%
Fixed Income	High Yield	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Com dty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Fixed Income
2.4%	9.4%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	5.0%
Cash	Fixed Income	Fixed Income	Com dty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Com dty.	DM Equity	Com dty.	Com dty.	Fixed Income	Small Cap	Cash	DM Equity	REITs
1.2%	4.7%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.1%
Com dty.	Cash	Cash	EM Equity	Com dty.	Com dty.	Com dty.	Com dty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Com dty.	Fixed Income	Cash
-1.0%	0.9%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	2.9%

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 12/31/2009 to 12/31/2024. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of August 31, 2025.

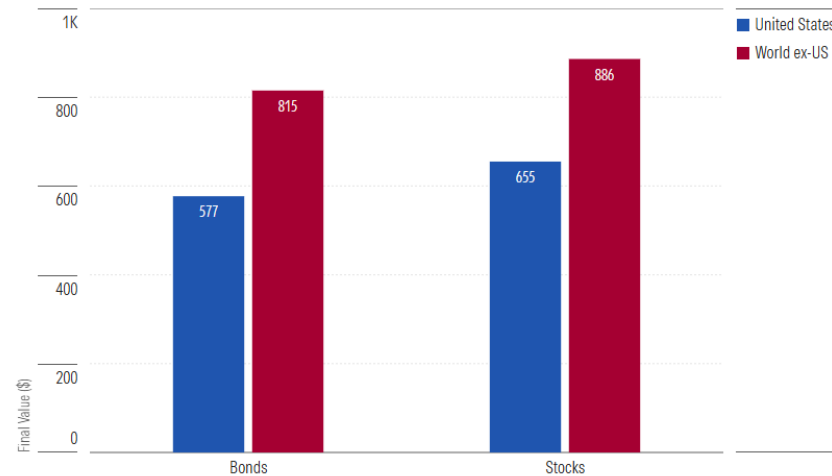
# Deep Risk

## Measuring Risk

- Short term volatility
- **Deep Risk** – long term inflation adjusted returns – loss of buying power
- Inflation adjusted returns – US stocks and bonds & world ex. US stocks and bonds
- 10 year rolling periods – worst outcomes

### Growth of \$1,000: Since 1950

(Lowest real 10-year outcome, since 1950)



Source: Morningstar Direct Data as of Jul 8, 2024.

John Rekenthaler – Morningstar July 2025



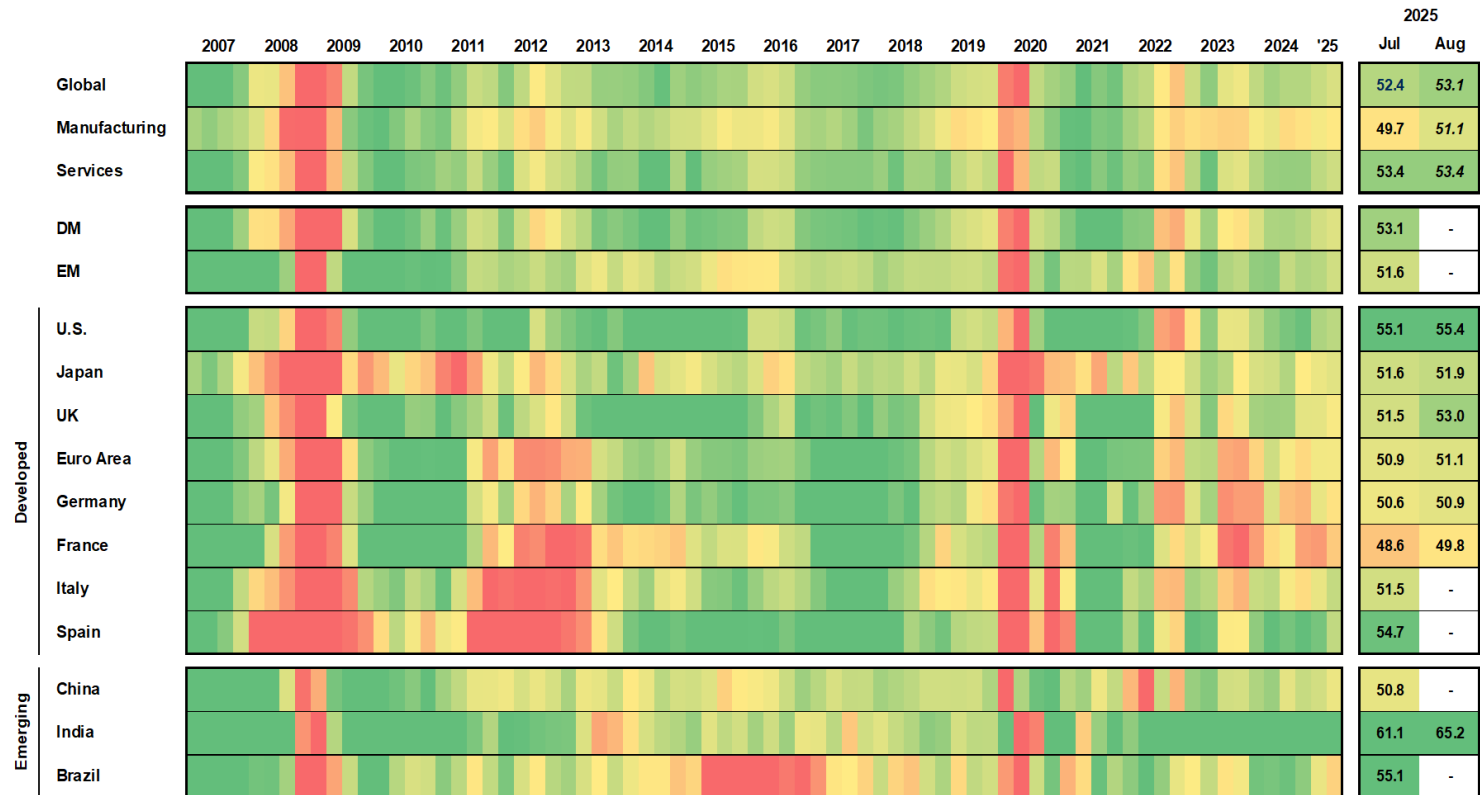
## Global economic activity momentum

GTM

U.S.

51

Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



Source: J.P. Morgan Economic Research, Standard & Poor's, J.P. Morgan Asset Management.

Italicized figures are estimates by J.P. Morgan Asset Management. The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the period shown. Heatmap is based on quarterly averages, except for the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in for 2007-2009. Data for Japan are back-tested and filled in for the first two quarters of 2007. DM and EM represent developed markets and emerging markets, respectively.

*Guide to the Markets – U.S.* Data are as of August 31, 2025.

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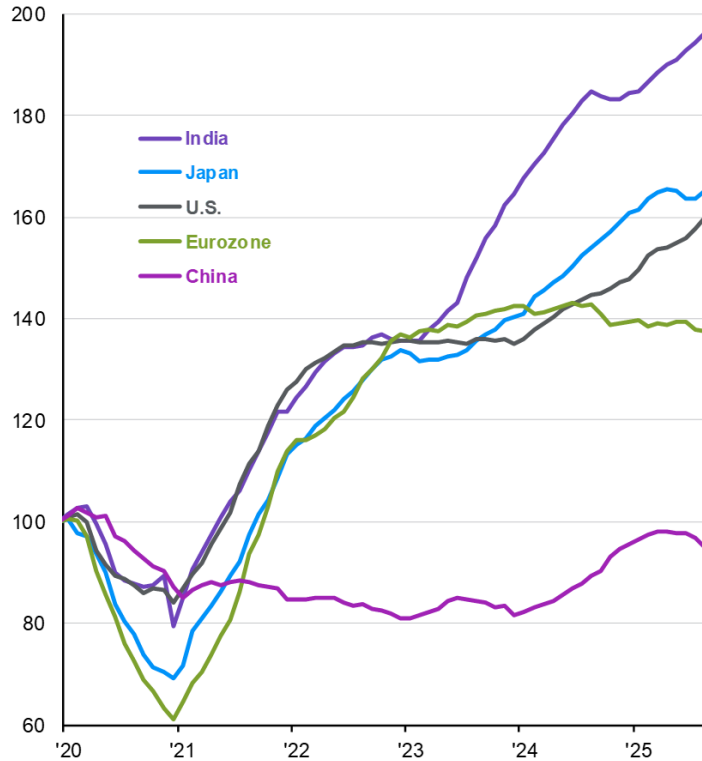


## Global equity earnings

GTM U.S. 50

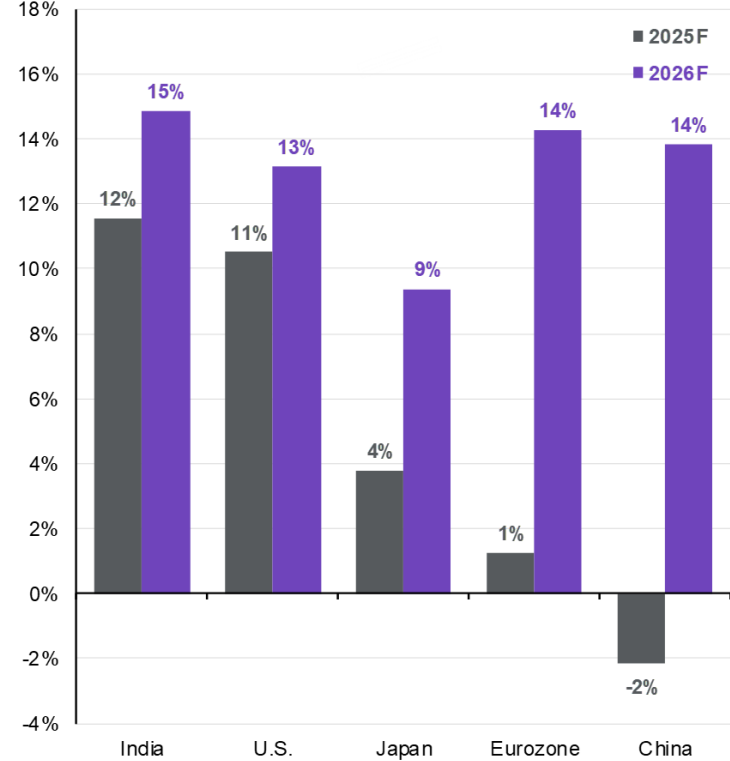
### Earnings growth

Jan. 2020 = 100, last 12 months, local currency



### Earnings growth expectations

2025 and 2026 EPS growth estimates, consensus, local currency



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500. Past performance is not a reliable indicator of current and future results.  
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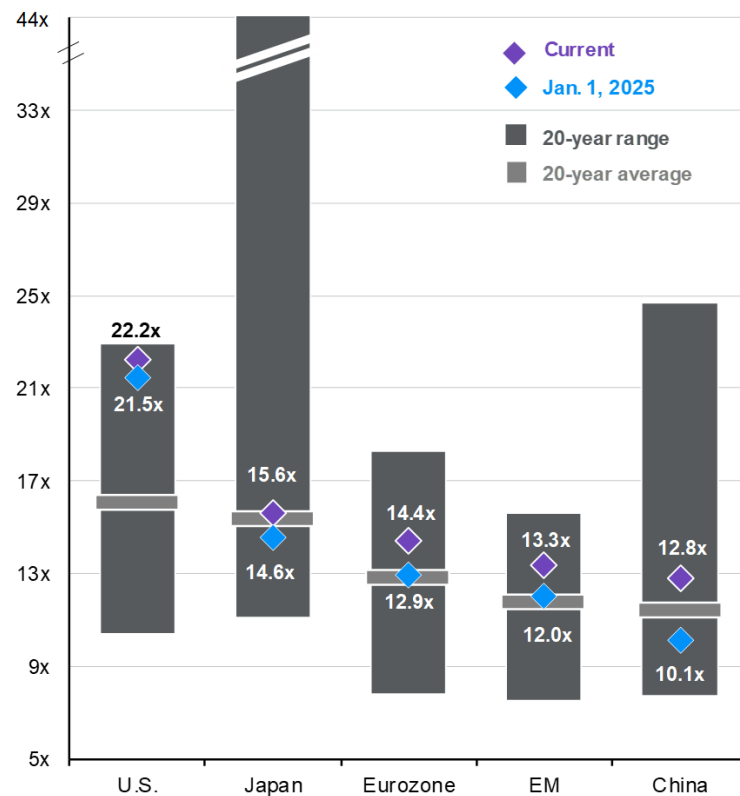


# Global equity valuations

GTM U.S. 49

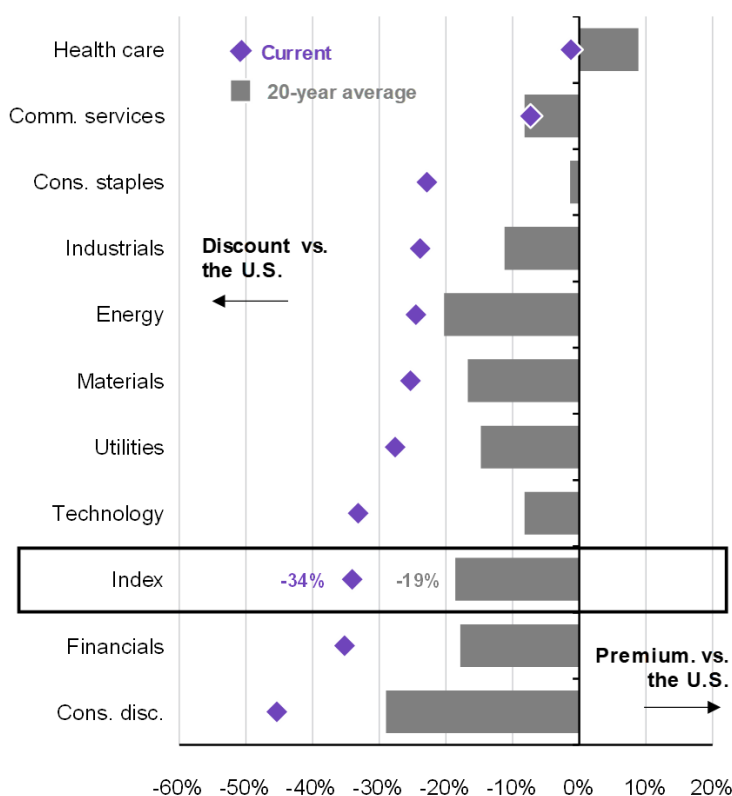
## Valuations by region/country

Price-to-earnings, next 12 months



## Relative valuations by sector

Price-to-earnings, next 12 months, MSCI ACWI ex-U.S. divided by S&P 500



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500.  
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## Global equity return themes

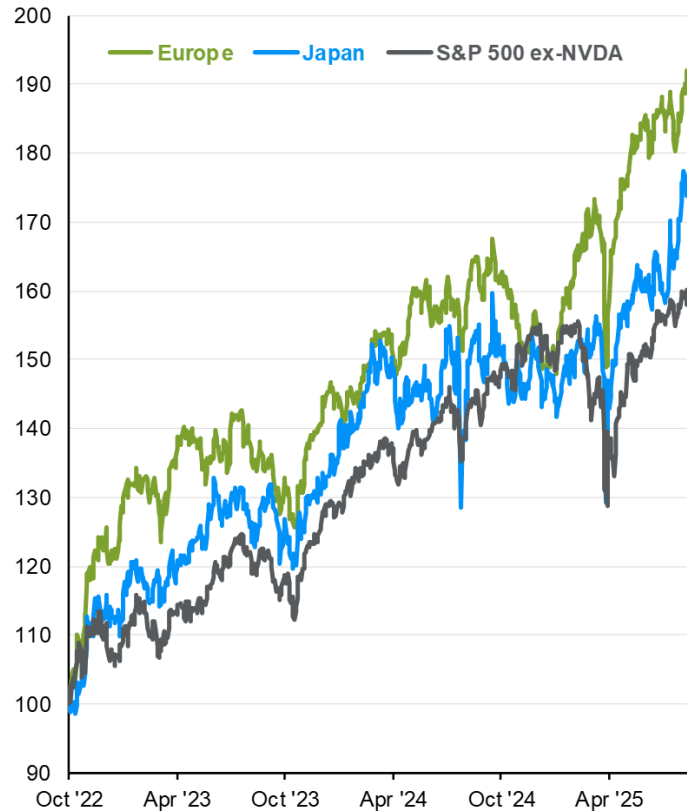
GTM

U.S.

48

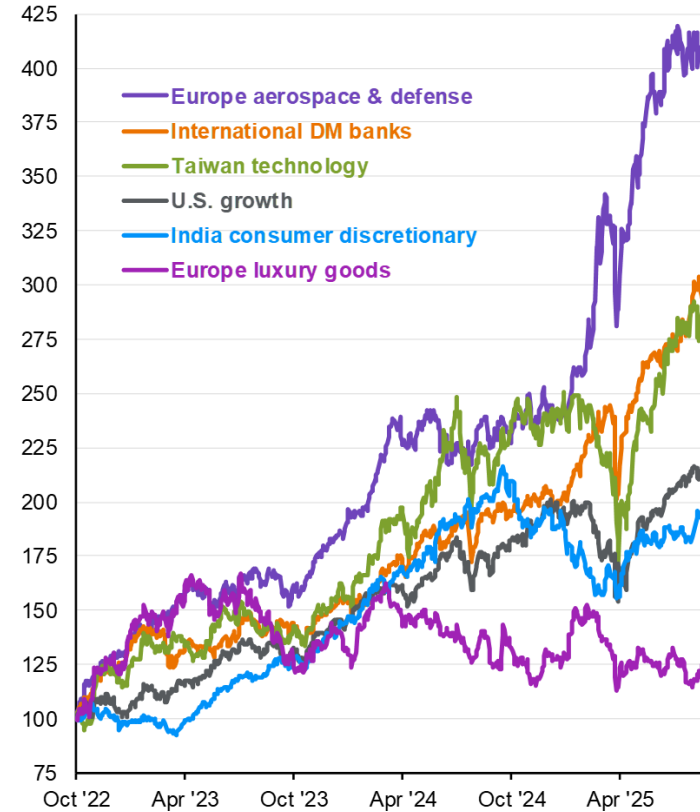
### Regional performance since 2022

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) Russell. Each country/sector/industry is represented by its respective MSCI index except U.S. growth, which is represented by the Russell 1000 Growth Index. International DM banks = MSCI EAFE / Banks Index.  
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# Global fixed income

GTM

U.S.

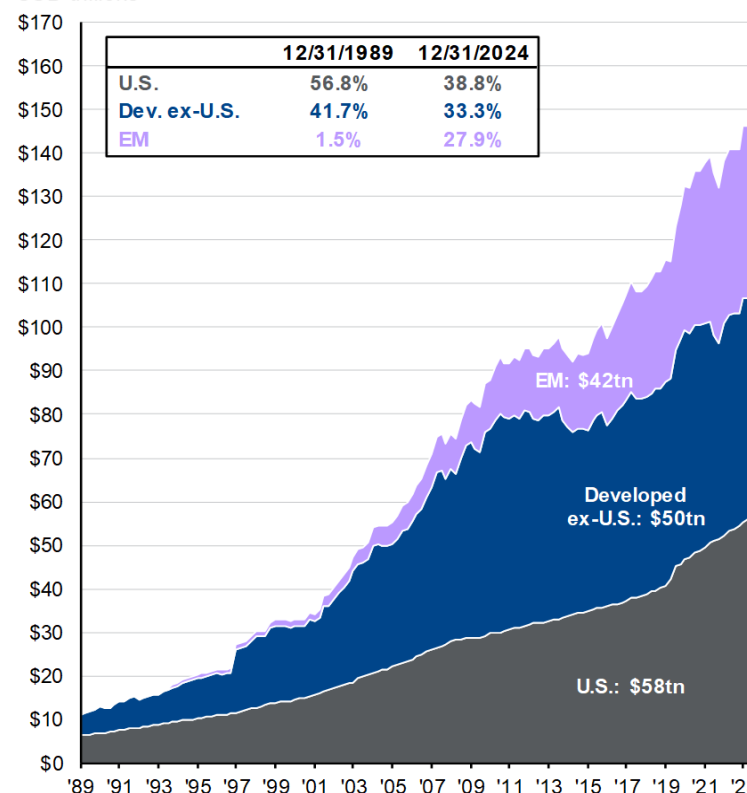
41

Fixed Income

Aggregates	Local yield		USD yield	2025 Return		Duration	Correlation to U.S. 10yr
	8/31/2025	12/31/2024	8/31/2025	Local	USD		
U.S.	4.44%	4.91%	-	4.99%	4.99%	6.0 years	0.93
Gbl. ex-U.S.	2.88%	2.85%	-	-	8.62%	6.7	0.71
Canada	3.66%	3.75%	5.54%	1.36%	6.18%	6.6	0.57
Japan	1.68%	1.26%	5.25%	-3.77%	3.00%	8.4	0.70
Germany	2.70%	2.70%	4.98%	-0.50%	12.47%	6.0	0.66
UK	4.57%	4.66%	4.73%	1.38%	9.36%	7.4	0.60
Italy	3.07%	3.11%	5.35%	1.69%	14.95%	6.2	0.53
China	1.78%	1.64%	4.57%	0.38%	2.72%	6.1 years	0.51
Sector							
Euro Corp.	3.09%	3.18%	5.37%	2.36%	15.71%	4.4	0.45
Euro HY	5.77%	6.03%	8.05%	3.73%	17.26%	3.3	0.05
EMD (USD)	7.29%	7.86%	-	-	8.73%	6.1	0.40
EMD (LCL)	5.91%	6.39%	-	7.14%	13.82%	5.4	0.31
EM Corp.	6.03%	6.56%	-	-	6.33%	5.1	0.31

## Global bond market

USD trillions



Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet; (Right) BIS.

Fixed income sectors shown above are provided by Bloomberg and are represented by the global aggregate for each country except where noted. EMD sectors are represented by the J.P. Morgan EMBIG Diversified Index (USD), the J.P. Morgan GBI EM Global Diversified Index (LCL) and the J.P. Morgan CEMBI Broad Diversified Index (Corp). European Corporates are represented by the Bloomberg Euro Aggregate Corporate Index and the Bloomberg Pan-European High Yield Index. Sector yields reflect yield-to-worst. Correlations are based on 10-years of monthly returns for all sectors. Past performance is not indicative of future results. Countries included in the emerging market debt calculation are those represented in the J.P. Morgan EMB Index suite for which the BIS has data. Global bond market regional breakdown may not sum to 100% due to rounding. USD yield shows the total effective yield a U.S. based investor could expect after accounting for the hedging premium. Hedging premiums are calculated taking the spread between the 3-month SOFR rate and the 3-month short term lending rates in local market referenced (e.g. 3-month Euribor is used for European economies) and do not include transactional fees that can reduce effective yield.

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# International Stocks – US ADRs

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- Issued by an American bank or broker
  - Represents one or more shares of the foreign stock held by the bank/broker in the foreign country exchange in the local currency.
  - Listed on US exchange or traded OTC.
  - Financial statements in English conforming to US GAAP as regulated by SEC
  - Some may have periodic “pass-through” fees.
  - Taxes
    - Dividends – **subject to foreign tax withholdings and US taxes.**
- Three types of ADRs
  - Level 1 – Lowest level ... Only traded OTC
    - Minimal SEC reporting requirements
  - Level 2 – Can be listed on US exchanges
    - Companies file annual reports (20-F) .. per US GAAP ... regulated by SEC
  - Level 3 – Listed on US exchanges & can raise capital in the US
    - Stricter SEC reporting rules similar to US companies
- Do not eliminate international investing risks
  - Currency, Political and inflation etc.

# Intl. Equity Funds .. Many flavors

## □ Currency Hedged or Unhedged

I have not researched these ETFs  
This is not investment advice

## □ Global funds .. Diversified across all countries – VT

- International excluding US. – VXUS, VSS (Small Cap), VSGX (ESG Lg. CAP), FNDP (Lg. Val)
- Dilute country specific risks
- Do not represent full exposure to international markets.

## □ Regional funds .. Diversified across multiple countries

- Some dilution of country specific risks within the region.
- Ex-US and Canada Developed markets – MSCI EAFE - IEFA, SPDW, DBEF (hedg)
- Emerging markets – MSCI EM – IEMG, ESGE (ESG aware), XSOE (Ex- SOE), divd. focus - DVYE, EDIV

## □ Country specific funds

- Typically – W European countries, Japan, China, India, etc.
  - MSCI Index funds
    - Germany = EWG, France = EWF, Netherlands = EWN, Japan = EWJ
    - India = INDY (Nifty 50), SLYG (Small cap), China = CN (all China) CXSE (ex State owned Enterprises)

# Intl. Bond Funds .. Many flavors

## □ Currency Hedged or Unhedged

I have not researched these ETFs  
This is not investment advice

## □ Global funds .. Diversified across all countries – BNDW (hedged)

- International excluding US. – BNDX (hedged) , BWX, DFGX, BWZX (ST), IGOV (govt. only), PICB (Corp. only)
- Dilute country specific risks
- Do not represent full exposure to international markets.

## □ Regional funds .. Diversified across multiple countries

- Some dilution of country specific risks within the region.
- Ex-US and Canada Developed markets – MSCI EAFE - IEFA, SPDW, DBEF (hedg)
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# Fifth Class – Sep. 24<sup>th</sup>

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- Market Update
- Dividend Investing
  - Why ??
  - How ??
- Questions

# Thanks !!

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- Happy Investing !!

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- **Class website**

  - <http://udel.edu/~diyinvst>