

OCBJ STOCK INDEX

TRACKING ORANGE COUNTY-AREA COMPANIES

Presented by
J.P.Morgan PRIVATE BANK

Midnight Musings: 3 risks keeping us up at night

Will "higher for longer" rates hurt?

Credit stress has been mostly contained to the office commercial real estate sector, but persistently high rates could see those pockets of pressure broaden. Elsewhere, small and medium-sized businesses tend to be more indebted, with their ability to repay interest obligations now below pre-COVID levels. Those companies also employ about three-quarters of the private sector, and consumer spending is already under a microscope amid low savings rates and rising credit card delinquencies.

INSIGHTS from
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Finally, as much as higher rates and tighter credit conditions are a risk, they can also be an opportunity. Elevated yields mean that investors can opportunistically step out of cash to lock in high rates for longer. Preferred equity and private credit can enhance yield and take advantage of some of the idiosyncrasies of a "higher for longer" environment. And as friction points arise, active stress and distressed managers can nimbly navigate overleveraged pockets of the market.

Are valuations too high?

That strength from earnings growth is expected to accelerate as we move through the year, and it's in part thanks to the current backdrop. Moderate inflation enables firms to pass higher costs on to consumers. That fuels sales, and if costs are managed effectively, boosts profits. Looking at history, stocks also tend to do pretty well when the Fed is "on hold," especially in soft landings: Going back to the '90s again, stocks continued to rally for years despite the Fed holding policy rates above 5% for a considerable time.

Finally, return dispersion between the best- and worst-performing companies is high. This opens up an opportunity for active managers to hunt for alpha, especially in markets such as U.S. mid-caps, Europe and Japan—the latter two of which are showing a big boom in shareholder friendly practices relative to years past.

Does election uncertainty fan the risk flames?

As we barrel toward a Trump and Biden rematch, a number of our midnight worries come to a nexus. The U.S. debt burden is already high, and neither of the candidates is likely to be fiscally conservative. This probably means more deficits, even higher debt, and at some point, probably higher taxes—something that



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bond markets will also need to account for. Changes in immigration policy could call into question the labor market rebalancing that's aided in cooling down wages. Trade-related policy, complicated by ongoing geopolitical flashpoints, is sure to create ripple effects. Regulatory upheaval could create its own new winners and losers.

Note:

The information presented is not intended to be making value judgments on the preferred outcome of any government decision or political election. All market and economic data as of May 2024 and sourced from Bloomberg Finance L.P. and FactSet unless otherwise stated. We believe the information contained in this material to be reliable but do not warrant its accuracy or completeness. Opinions, estimates, and investment strategies and views expressed in this document constitute our judgment based on current market conditions and are subject to change without notice.

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- Past performance is not indicative of future results. You may not invest directly in an index.
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COMPANIES All closing prices as of May 8

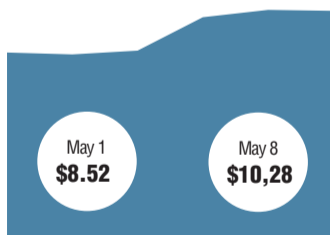
	COMPANIES	MKT CAP Millions \$	PRICE \$ 5/8	1-WK CHG \$	52-WK CHG %	1-WEEK % CHANGE
1	El Pollo Loco Holdings Inc	317.53	10.28	1.76	9.95	
2	Tarsus Pharmaceuticals, Inc.	1436.65	37.32	5.89	143.14	
3	Willdan Group, Inc.	457.07	33.03	4.84	107.87	
4	TTM Technologies, Inc.	1790.23	17.51	2.58	50.26	
5	CalAmp Corp.	6.29	3.60	0.50	-92.21	
6	Toughbuilt Industries, Inc.	2.01	2.62	0.32	-95.52	
7	ClearPoint Neuro, Inc.	158.89	6.12	0.69	-35.98	
8	Avid Bioservices, Inc.	556.08	8.61	0.98	-53.56	
9	Glaukos Corp	5438.68	107.92	11.92	98.05	
10	Inari Medical, Inc.	2488.89	41.78	4.44	-35.15	
11	Rivian Automotive, Inc.	10121.83	9.91	1.01	-26.14	
12	Evolus, Inc.	840.01	13.07	1.30	53.76	
13	American Vanguard Corp	340.62	12.46	1.07	-33.65	
14	Five Point Holdings LLC	215.70	3.11	0.27	33.26	
15	Banc of California, Inc.	2339.13	14.82	1.13	40.47	
16	Kaiser Aluminum Corporation	1571.69	97.11	6.62	54.09	
17	MeridianLink, Inc.	1320.15	17.84	1.16	12.91	
18	Pacific Premier Bancorp, Inc.	2215.03	22.98	1.48	20.16	
19	Tri Pointe Homes, Inc.	3758.09	39.26	2.41	33.99	
20	Ducommun Incorporated	807.90	57.60	3.51	18.13	
21	Sabra Health Care REIT, Inc.	3412.24	14.81	0.89	31.18	
22	CorVel Corporation	4342.80	250.38	11.53	19.83	
23	indie Semiconductor, Inc.	1001.85	5.87	0.25	-27.62	
24	GAN Limited	54.13	1.21	0.03	-19.74	
25	BJ's Restaurants, Inc.	784.27	33.37	0.77	8.12	
25	ICU Medical, Inc.	2479.63	98.65	0.73	-46.58	
24	Edwards Lifesciences Corp	51727.18	85.20	0.53	-3.99	
23	Lantronix, Inc.	139.05	3.77	0.01	1.89	
22	CareTrust REIT, Inc.	3534.56	24.76	0.04	26.17	
21	California First Leasing Corp	177.58	19.08	-0.13	26.32	
20	Viant Technology, Inc. Class A	144.63	8.74	-0.05	106.01	
19	Advantage Solutions Inc	1386.46	4.27	0.00	246.75	
18	US Metro Bancorp	6.17	3.12	-0.02	-9.84	
17	VIZIO Holding Corp. Class A	1285.99	10.51	-0.09	25.66	
16	Bridgford Foods Corporation	94.22	10.41	-0.10	-19.74	
15	Ensign Group, Inc.	6714.07	117.08	-1.28	26.60	
14	Modiv Industrial Inc. Class C	140.09	14.80	-0.17	28.29	
13	Montrose Environmental	1599.61	42.60	-0.82	38.99	
12	Boot Barn Holdings, Inc.	3114.94	104.34	-2.13	41.25	
11	Pro-Dex, Inc.	61.20	18.09	-0.41	15.96	
10	enVeno Medical Corporation	67.38	5.14	-0.16	40.05	
9	Tilly's, Inc. Class A	133.77	5.84	-0.23	-24.45	
8	Envista Holdings Corp.	3265.31	18.82	-0.86	-46.75	
7	Kura Sushi USA, Inc. Class A	1092.94	105.21	-4.87	60.77	
6	WM Technology, Inc. Class A	109.84	1.20	-0.07	45.73	
5	Xponential Fitness, Inc.	376.46	11.85	-0.90	-60.05	
4	Netlist, Inc.	329.20	1.26	-0.10	-73.79	
3	Masimo Corporation	7196.19	118.14	-16.28	-37.13	
2	STAAR Surgical Company	2291.97	39.76	-6.20	-40.95	
1	Skyworks Solutions, Inc.	14850.94	92.03	-14.56	-11.61	

TOP 25 PERFORMERS

BOTTOM 25 PERFORMERS

WEEKLY TOP GAINER

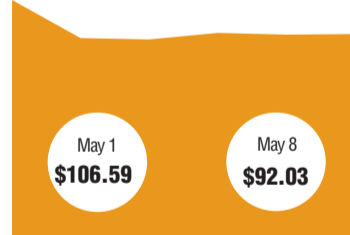
Change from May 1 - May 8



EL POLLO LOCO HOLDINGS INC.

WEEKLY TOP DECLINER

Change from May 1 - May 8



SKYWORKS SOLUTIONS, INC.

THREE HIGHEST P/E RATIOS

As of May 8

	Kura Sushi USA, Inc.	780.35
	Sabra Health Care REIT	249.41
	Xponential Fitness	188.91

THREE LOWEST P/E RATIOS

As of May 8

	Five Point Holdings LLC	7.03
	CW Bancorp	6.10
	US Metro Bancorp	5.09

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