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Recommendation: **BUY**

UConn Student Managed Fund

JPMorgan Chase & Co. (NYSE: JPM)

November 15, 2021

Target Price: \$225.59
 Current Price: \$166.56
 Stop loss: \$141.72
 52 Week High/Low: \$172.96/\$113.56

Market Cap (\$B): \$504.115B
 Dividend Yield: 2.4%
 Beta: 1.13
 ROE: 10.60%

P/E Ratio (TTM): 10.79
 EV/EBITDA: N/A
 EBITDA Margin: N/A
 Gross Margin: 50.96%

Company Overview

JPMorgan Chase & Co. (JPM) is a leading global financial services firm with assets of \$2.6 trillion and operation worldwide. Our rich history spans over 200 years. JPM is a leader in investment banking, financial services for consumers and small businesses, commercial banking financial transactions processing and asset management.

Four segments for JPMorgan Chase

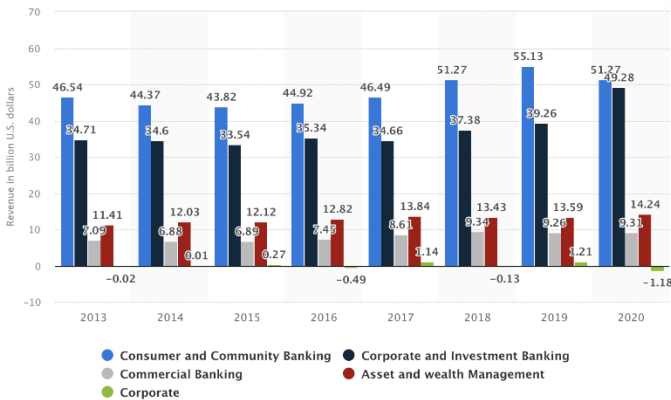
- Consumer & Community Banking (CCB) Offer Deposit, Home/Auto Loan, Credit Card.
- Corporate & Investment Banking (CIB) Offer Bank and Markets & Investors Services. IPO, SPAC, Stock and Bond issuance, Secondary markets trading.
- Asset & Wealth Management (AWM) Provide investment management to retail and institutional investor, financial intermediaries, and High-net-worth families and individuals goals.
- Commercial Banking (CB) Providing lending, treasury service, Investment Banking and Investment management, services to corporations, municipalities, financial institutions, and non-profit entities.

on Multinational Banks, prefer U.S and Asian banks to their European counterparts due to the former's superior profitability and more positive outlook.

Expecting regulators in the U.S and Asia will be quicker to raise their key interest rates, given their economies are expected to rebound stronger. We believe the European central Bank (ECB) will continue to keep its key interest rate low for longer, further widening the profitability gap between European banks and those in the U.S and Asia.

Key thing to Focus

- Rebound in Loan Demand as Global Economic Recovery Gains Traction
- Net Interest Margin Will Remain under pressure
- Normalizing Loan Loss Provisions Will be the Key Driver in Bank's Improves Profitability
- Dividend and Share Buyback to Make a Comeback



Investment Thesis

- ✓ Universal Bank
- ✓ Strong Position in Consumer & Commercial Banking
- ✓ Strong Key Performance indicator
- ✓ Strong Credit Quality
- ✓ Risk Management

Industry Outlook

Covid-19 pandemic has shown that the actions taken by the banks since the global financial crisis, including bolstering their capital, provisioning, funding, and liquidity buffers, have strengthened their resilience. We are having positive view

Investment Risks

- Policies, Law and Regulation
- Cyber Attack
- Market/Credit Risk
- Fintech Company

Financial Performance

Breakdown	TTM	12/31/2020	12/31/2019	12/31/2018	12/31/2017
> Total Revenue	121,366,000	119,543,000	115,627,000	109,029,000	98,979,000
Credit Losses Provision	9,810,000	-17,480,000	-5,585,000	-4,871,000	-5,290,000
> Non Interest Expense	70,053,000	66,656,000	65,497,000	63,394,000	58,434,000
> Special Income Charges	-	-	-	-	645,000
Pretax Income	61,673,000	35,407,000	44,545,000	40,764,000	35,900,000
Tax Provision	11,602,000	6,276,000	8,114,000	8,290,000	11,459,000
> Net Income Common Stockhold...	48,274,000	27,410,000	34,642,000	30,709,000	22,567,000

Valuation Assumptions & Key Financials

We implement the Dividend Discount Model (DDM) and Excess Return Model (ERM) to determine the target price. In order to make our estimation accurate, we give the DDM 70% weight and give the ERM 30% weight. We recommend a BUY rating for JP Morgan Chase & Co based on the target price of \$225.59, the target price reflects a 35.43% based on closing price of \$166.57 on November 15, 2021.

Simplified DDM Assumptions:					
Targeted CET 1 Ratio:	10.70%	Terminal Value Calculation:			
		Terminal Value:	169.87		
Terminal Growth Rate	1.00%	(+) PV of Terminal Value:	126.76		
Cost of Equity:	5.00%	(+) PV of Dividends:	27.31		
		Implied Equity Value:	\$154.07		

Excess Return Assumptions:					
			Terminal Value Calculation:		
Terminal Growth Rate	1.00%	Terminal Value:	1,162,417		
Cost of Equity:	5.00%	(+) PV of Terminal Value:	867,414		
		(+) PV of Excess Return:	153,423		
		Implied Equity Value:	\$ 1,270,128		
		Diluted Shares Outstanding	3,037.40		
		Implied Share Price:	\$ 418.16		
		Current Share Price	\$ 169.10		

ESG Considerations

The reason why we care the ESG score, is ESG can be a risk factor for us to consider when we are doing investing. JPM have 29.3 ESG score which is Medium Risk

JPMorgan Chase & Co.

Industry Group: Banks

Country: United States

Identifier: NYS:JPM

ESG Risk Rating

29.3 Medium Risk

Negligib Low Medium High Severe
0-10 10-20 20-30 30-40 40+

Ranking

INDUSTRY GROUP
Banks

462 out of 1044

UNIVERSE

Global Universe

8289 out of 14633

Last Update: Oct 30, 2021