

INVESTOR'S EDGE

JP Morgan Chase is a powerhouse worth looking at

"Nothing so undermines your financial judgment as the sight of your neighbor getting rich." — John Pierpont Morgan



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I've never been a big investor in bank stocks. They tend to be opaque companies that are highly sensitive to the vagaries of interest rates and economic activity.

This general aversion to bank stocks served my clients well during the 2008-09 "Great Recession" and financial crisis, when most banks were clobbered with bad loans in both commercial and residential real estate. It isn't that I foresaw the financial calamity coming as much as I just found their business models basically unattractive, so we fortunately had minimal exposure.

As an old Wall Street saying goes, "I'd rather be lucky than smart."

Personally, I'd rather be BOTH lucky and smart. And I believe there is a smart and simple way to get your fill of bank stocks, and that is buying financial powerhouse JP Morgan Chase (symbol JPM).

JP Morgan's stock has been a stellar performer and is the world's premier major money center bank. A member of the Dow Jones Industrial Average, JP Morgan has significantly outperformed both the Dow Jones and the S&P 500 index over a 1, 3, 5 and 10-year time frame, and it has blown away the KWB Bank Index by a 2:1 margin over the last decade.

Despite the stock's strong returns, I believe local readers can still buy JP Morgan common stock now. As I mentioned last month, the way to find winning stocks is to find stocks that are winning.

With headquarters in New York City, JP Morgan is the largest bank in the United States and the world's largest bank by market cap value at more than \$800 billion. The company boasts assets of \$4.3 trillion across 100 countries WITH more than 300,000 employees.

JP Morgan is a one-stop shop for all things financial services, offering everything from basic checking accounts and wealth management to mergers and acquisitions for the world's largest corporations. Simply put, JP Morgan plays a crucial role in the global financial system and our economy.

JP Morgan is led by CEO Jamie Dimon, one of the country's best-known chief executives along with Apple's Tim Cook and Meta's Mark Zuckerberg. In fact, JPM's stock has outperformed Apple and Meta over the last five years, in a time when the "Magnificent Seven" mega-cap tech stocks have dominated market action.

Dimon has been at the helm since 2006, making him the longest-serving CEO of a major Wall Street bank and eliciting some comparisons to Warren Buffett for his leadership style, long-term stability, exceptional returns and unyielding belief in America's future. He's even been floated as a potential presidential candidate — although shareholders can take comfort in Dimon's personal assurance he is still "several years away" from retirement.

In addition to its dynamic CEO, my rationale to buy shares of JP Morgan common stock center around its steady, growing, and diversified business model. JP Morgan boosts industry-leading positions in consumer banking, wealth management,

and capital markets that are firing on all cylinders. Investment Banking revenue rose 8% year over year — a trend that will likely continue as M & A activity accelerates during a business-friendly Trump administration.

The company's wealth management division increased gross sales by 20% from 2023 to 2024 as it continues to aggressively target both clients and advisors from traditional brokerage and advisory firms. Its consumer banking division achieved a 30% reduction in service costs and a 4% increase in loan originations.

JP Morgan is investing aggressively in its technology and use of Artificial Intelligence.

The company will spend \$18 billion in 2025 on technology, focused on efficiency, cost cutting, and productivity. JP Morgan is using AI across its business including fraud prevention, trading and portfolio management efficiencies, credit analysis, etc. and estimates it has already delivered \$1.5 billion in value.

JP Morgan currently pays a dividend yield of just under 2%. This yield would be much higher but for the stock's powerful performance. More important than its current dividend yield is that the company has raised its dividend payout for 15 consecutive years, with an average annual dividend growth rate of over 12%.

While I generally don't invest in bank stocks, there is no doubt a few bank stocks have been great wealth creators. JP Morgan is clearly among the best of them. It is the only bank position I personally own, and I am confident recommending the stock.

Enjoy your August.

Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment. Contact him at jburns@jwburns.com

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