

# Form ADV Part 2A

## Firm Brochure

### **J.P. Morgan Investment Management Inc.**

File No. 801-21011

270 Park Avenue, New York, NY 10017

(212) 648-1999

[www.jpmorgan.com](http://www.jpmorgan.com)

April 24, 2015

This brochure provides information about the qualifications and business practices of J.P. Morgan Investment Management Inc. ("JPMIM" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at (212) 648-1999. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about JPMIM, including a copy of our Form ADV Part I, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JPMIM is registered as an investment adviser with the SEC. Such registration does not imply a certain level of skill or training.

**ITEM 2****Material Changes**

There are no material changes to JPMIM's Form ADV Part 2A (commonly referred to as the "Brochure") since the last revised annual update of the Brochure dated March 31, 2014.

***Capitalized terms used in this section shall have the meanings assigned to them in the main body of the Brochure.***

## ITEM 3

## Table of Contents

ITEM 1 Cover Page	
ITEM 2.....	i
Material Changes .....	i
ITEM 3.....	ii
Table of Contents .....	ii
ITEM 4.....	1
Advisory Business.....	1
A. General Description of Advisory Firm .....	1
B. Description of Advisory Services.....	1
C. Availability of Customized Services for Individual Clients.....	3
D. Wrap Fee Programs.....	3
E. Assets Under Management.....	4
ITEM 5.....	4
Fees and Compensation .....	4
A. Advisory Fees and Compensation .....	4
B. Payment of Fees .....	5
C. Additional Fees and Expenses.....	5
D. Prepayment of Fees .....	6
E. Additional Compensation and Conflicts of Interest .....	6
ITEM 6.....	7
Performance-Based Fees and Side-by-Side Management .....	7
A. Performance-Based Fees .....	7
B. Side-by-Side Management and Potential Conflicts of Interest .....	7
ITEM 7 .....	8
Type of Clients .....	8
ITEM 8.....	9
Methods of Analysis, Investment Strategies and Risk of Loss .....	9
A. Methods of Analysis and Investment Strategies .....	9
B. Material, Significant, or Unusual Risks Relating to Investment Strategies .....	17
C. Risks Associated With Particular Types of Securities.....	24
ITEM 9.....	24
Disciplinary Information.....	24

A. Criminal or Civil Proceedings .....	24
B. Administrative Proceedings Before Regulatory Authorities .....	25
C. Self-Regulatory Organization (SRO) Proceedings.....	25
ITEM 10.....	25
Other Financial Industry Activities and Affiliations .....	25
A. Broker-Dealer Registration Status .....	25
B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration Status .....	25
C. Material Relationships or Arrangements with Industry Participants .....	26
D. Material Conflicts of Interest Relating to Other Investment Advisers.....	28
ITEM 11 .....	29
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	29
A. Code of Ethics .....	29
B. Securities in which the Adviser or a Related Person has a Material Financial Interest.....	30
C. Investing in Securities that the Adviser or a Related Person Recommends to Clients .....	34
D. Conflicts of Interest Created by Contemporaneous Trading.....	34
ITEM 12.....	36
Brokerage Practices.....	36
A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions ....	36
B. Order Aggregation.....	40
ITEM 13.....	42
Review of Accounts.....	42
A. Frequency and Nature of Review of Client Accounts or Financial Plans.....	42
B. Factors Prompting Review of Client Accounts Other than a Periodic Review.....	42
C. Content and Frequency of Account Reports to Clients.....	42
ITEM 14.....	43
Client Referrals and Other Compensation .....	43
A. Economic Benefits for Providing Services to Clients .....	43
B. Compensation to Non-Supervised Persons for Client Referrals.....	43
ITEM 15.....	44
Custody .....	44
ITEM 16.....	44
Investment Discretion.....	44
ITEM 17.....	45
Voting Client Securities .....	45
A. Policies and Procedures Relating to Voting Client Securities.....	45

B. No Authority to Vote Client Securities and Client Receipt of Proxies .....	47
ITEM 18.....	47
Financial Information .....	47
APPENDIX A.....	48
Separate Account Fee Schedules .....	48

---

**ITEM 4****Advisory Business****A. General Description of Advisory Firm**

This Brochure relates to the investment advisory services offered by J.P. Morgan Investment Management Inc. ("JPMIM" or the "Adviser"), which is the primary U.S. investment advisory branch of J.P. Morgan Asset Management ("JPMAM"). JPMAM is the marketing name for the asset management businesses of JPMorgan Chase & Co. ("JPMC"), a publicly traded company, and its affiliates worldwide.

JPMIM is wholly-owned by JPMorgan Asset Management Holdings Inc., which is a subsidiary of JPMC. JPMIM was incorporated in Delaware on February 7, 1984. JPMIM is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act").

**B. Description of Advisory Services**

JPMIM provides discretionary and non-discretionary investment management services and products to institutional clients and individual investors. In performing investment advisory services for its clients, JPMIM acts as a fiduciary. JPMIM's fiduciary duty derives from Section 206 of the Advisers Act, and for those pension plan clients and funds that are subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), JPMIM is a "covered service provider" to the plan under the ERISA Section 408(b)(2) regulations and is a fiduciary under Section 3(21) of ERISA. The fiduciary standards are established under the Advisers Act and applicable state laws, and include:

- Obligations to disclose all material conflicts of interests to clients;
- Obligations to disclose if JPMIM, or an affiliate of JPMIM, receives additional compensation from a client or a third-party as a result of JPMIM's relationship with a client;
- JPMIM must obtain informed consent before engaging in transactions with clients for its own account, that of an affiliate, or another client when acting in an advisory capacity;
- JPMIM must treat all of its advisory clients fairly and equitably and cannot unfairly advantage one client to the disadvantage of another, over time;
- The investment decisions or recommendations made by JPMIM must be suitable and appropriate for clients and consistent with client investment objectives, goals, and restrictions placed on JPMIM; and
- JPMIM must act in what it reasonably believes to be each client's best interests and in the event of a conflict of interest, must place each client's interests before JPMIM's (and its affiliates') own interests.

JPMIM's advisory services are offered through a variety of investment vehicles and arrangements, depending on the strategy. These include separately managed accounts (either directly or indirectly through wrap fee programs) and pooled investment vehicles such as mutual funds or alternative

investment funds. Investment services to clients may be provided on a discretionary or non-discretionary basis.

JPMIM and its asset management affiliates support multiple investment strategies in order to meet the diverse requirements of its clients' investment needs. Below is a description of the investment strategies and solutions offered by JPMIM. Major asset classes supported include: equity, fixed income, cash management, currency, and alternative asset classes such as real estate and infrastructure, and private equity. JPMIM also offers asset allocation strategies and solutions, including fund of funds strategies.

- Domestic Equity strategies include core, growth, value, all cap, active extension, enhanced, long/short, quantitative, behavioral and alternative equity strategies.
- International/Global Equity strategies include active extension, behavioral, core, enhanced, growth, value, and focused investment styles across multi-regional, global, and country-specific sectors.
- Emerging Market Equity strategies include core, all cap and focused strategies as well as regional and country-specific strategies.
- Global Fixed Income, Currency & Commodities strategies include a full array of strategies along the risk and return continuum, including short duration, government, broad markets, sector specific, long duration, high yield (including distressed debt), and extended markets/alternatives. Currency Management services include sophisticated passive management techniques, active management of both major and emerging market currencies, and currency as an alternative investment.
- Global Liquidity strategies are short-term in nature, ranging from money market funds that seek to provide preservation of principal and liquidity to customized short-term fixed income strategies that seek to provide a high level of current income through low volatility of principal that typically have durations of one year or less.
- Investment Management Solutions (“IMS”) develops and manages multi-asset, multi-manager and/or multi-strategy portfolio solutions to a broad range of investment objectives for a diverse base of institutional and retail clients. The group’s investment capabilities encompass the complete spectrum from traditional to alternative asset classes globally. IMS typically manages (i) target date strategies, (ii) target risk strategies, (iii) thematic/flexible/total return/liability aware strategies, (iv) single asset strategies, (v) quantitative/alternative beta strategies, and (vi) passive and enhanced beta (Index) strategies.
- Global Real Assets offers products, services and opportunities across multiple geographies (U.S., Europe and Asia), markets (public and private) and asset and property types in the real estate, infrastructure and maritime and related asset sectors that span the risk-reward continuum.
- Private Equity manages assets in two distinct and comprehensive segments of the private equity opportunity set – venture capital and corporate finance. As part of its private equity services, the Adviser also provides in-kind distribution management services, both as a supplemental and a stand-alone service.

**C. Availability of Customized Services for Individual Clients**

JPMIM makes investments for clients in accordance with mutually agreed upon written investment guidelines and provides continuous supervision of client portfolios. Investment services may be tailored for each client's specific needs and objectives, and clients may impose reasonable restrictions on investing in certain securities or types of securities. JPMIM has established procedures and controls to help ensure compliance with each client's specific investment guidelines and any client-imposed restrictions.

Where JPMIM is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for the vehicle.

**D. Wrap Fee Programs**

JPMIM's investment advisory services are also available through "wrap fee" programs that are sponsored by third parties and affiliates of JPMIM (each a "Program Sponsor"). A wrap fee program generally is an investment advisory program under which a client pays a single, all-inclusive (or "wrap" or "bundled") fee to the Program Sponsor for investment advisory services, custody services, and the execution of client transactions. The Program Sponsor will then provide the client with a list of investment managers whose investment strategies are consistent with the client's goals and objectives. Wrap fee program clients may select JPMIM from a list of investment managers presented to the client by registered representatives of the Program Sponsor. Some wrap fee clients are pension plans covered by ERISA. In those circumstances, JPMIM is a "covered service provider" to the plan under the ERISA Section 408(b)(2) regulations, and JPMIM provides services both as a registered investment adviser under the Advisers Act and as a fiduciary under Section 3(21) of ERISA.

The Program Sponsor has primary responsibility for client communications and services. Primary responsibilities of the Program Sponsor typically include arranging for payment of JPMIM's advisory fees on behalf of the client, monitoring and evaluating JPMIM's performance, executing the client's portfolio transactions, and in some cases, providing custodial services for the client's assets for a single fee paid by the client to the Program Sponsor. JPMIM receives a portion of the wrap fee for its services.

In general, JPMIM manages wrap fee accounts in a similar manner to its other accounts; however, JPMIM may not always manage wrap fee accounts identically to the way it manages separate accounts. For example, wrap fee accounts generally will not participate in initial public offerings for regulatory reasons, and JPMIM generally does not select broker-dealers for wrap fee accounts due to the nature of the clients' fee structure with the wrap fee Program Sponsor. However, the Adviser may have discretion to select brokers or dealers other than the wrap fee Program Sponsor or its affiliates when necessary to fulfill its duty to seek to achieve best execution of transactions for its clients' accounts. For additional information regarding the broker-dealer selection process please see [Item 12](#).

JPMIM is responsible for making investment decisions regarding the selection of investments for wrap fee accounts and the total amount of securities bought and sold for such accounts, and may do so without consultation with the client. However, investment decisions may be limited by certain instructions provided by the client.



JPMIM also participates in non-discretionary Wrap Programs. In these programs, JPMIM furnishes investment advice and recommendations to Wrap Sponsors through the provision of model portfolios of various investment products. The Wrap Sponsors act as overlay portfolio managers (OPMs) in these scenarios. The OPMs utilize the model portfolios provided, as well as corresponding updates, to manage wrap program accounts enrolled in the investment product on their platforms. Typically, the OPMs retain investment discretion over the wrap program accounts enrolled in the investment product on their platforms; however, various contractual delegations could technically deem investment discretion to be shared between JPMIM and an OPM.

Wrap fee program clients should be aware that comparable services may be available at lower aggregate costs on an “unbundled” basis through the Program Sponsor or through other firms. JPMIM also manages client assets in unbundled wrap fee programs. Fees are unbundled for various services and negotiated separately by the client including, but not limited to, investment management, custody, administration and trade execution, although JPMIM’s fee covers only investment management services and not custody and brokerage services. In unbundled arrangements the Adviser may execute transactions with broker-dealers selected by the client or selected by the Adviser. For additional information regarding Fees and Compensation, Brokerage Practices and Custody, please see [Item 5.A-E.](#), [Item 12](#) and [Item 15](#), respectively.

#### **E. Assets Under Management**

As of December 31, 2014, JPMIM had assets under management in the amounts set forth below:

<b>Assets Under Management</b>	<b>US Dollar Amount</b>
Assets Managed on a Discretionary Basis	\$ 1,139,630,839,052
Assets Managed on a Non-Discretionary Basis	\$ 9,706,184,887
Total Assets Under Management	\$ 1,149,337,023,938

---

## **ITEM 5**

### **Fees and Compensation**

#### **A. Advisory Fees and Compensation**

The Adviser's fee schedule will vary depending on the type of account and investment strategy, and may, in certain circumstances, be subject to negotiation. Typically, the Adviser's annual investment advisory service fee is calculated as a percentage of the market value of the assets it manages, which is referred to as an annual “asset-based fee.” The Adviser usually charges a minimum annual fee for managing a portfolio. To the extent permitted under the Advisers Act, the Adviser may negotiate and charge performance-based fees, and/or asset-based fees. For an additional discussion of performance-based fees, please refer to [Item 6](#).

The annual fee schedules for the most often utilized investment strategies for U.S. equity and fixed income accounts are included in [Appendix A](#). In certain circumstances in which the Adviser or its affiliates provide other services in addition to investment advisory services, a higher fee schedule than those shown in [Appendix A](#) may apply. Higher fees may also apply if an account's assets are below the minimum investment level indicated in the standard fee schedule. From time to time, and under agreed

upon specific situations (which generally involve account size, investment strategy, account servicing requirements and material aspects of a client's overall relationship with the Adviser and its asset management affiliates), the Adviser may agree to lower advisory fees on a case by case basis.

Fee schedules are available upon request for other investment products, asset classes and strategies. Fees for such services may be higher than those for the services included in [Appendix A](#). The prospectus of each registered fund advised or sub-advised by the Adviser sets forth the applicable fees and expenses. The offering memorandum, subscription agreement and/or other governing document of each unregistered pooled investment fund sets forth the applicable fees and expenses.

With respect to wrap fee programs, the Adviser receives an investment management fee which is paid to the Adviser by the Program Sponsor in connection with the investment management services provided. The Adviser's investment management fee is calculated as a percentage of the assets under management and is generally payable quarterly. Such compensation ranges from 0.15%-0.80% annually, based on the investment mandate and the terms and conditions negotiated with the Program Sponsor or Client for unbundled wrap fee programs. With respect to ERISA plans participating in the bundled wrap fee program, the Adviser's compensation constitutes "indirect compensation" under ERISA Section 408(b)(2) regulations, since the compensation is not paid to the Adviser directly by the plan or plan sponsor. With respect to ERISA plans participating in the unbundled wrap fee program, the Adviser's compensation constitutes "direct compensation" under ERISA Section 408(b)(2) regulations, since the compensation is paid to the Adviser directly by the plan or plan sponsor.

#### **B. Payment of Fees**

For separate accounts and for investments in funds that do not have fund-level advisory fees, clients may select to have the Adviser bill the client for fees incurred, or the client may instead agree to instruct its custodian to deduct advisory fees directly from the client's account. In this situation, an advise of debit will be sent to the client evidencing the fee calculation. The Adviser typically charges fees after services have been rendered, at the end of each calendar quarter. Fees are charged at one-fourth of the applicable annual rate.

Wrap fee program clients should review the terms and conditions of the wrap fee program or contact the Program Sponsor regarding fees and billing arrangements. The Adviser does not bill wrap fee program clients or deduct fees directly from such clients wrap fee program accounts. In general, the wrap fee Program Sponsor bills the program's clients or deducts fees from the client's accounts, and the Program Sponsor compensates the Adviser for its advisory services. Certain wrap fee program clients are invested directly or indirectly in funds managed by the Adviser or its affiliates and from which the Adviser or its affiliates may receive additional compensation. For unbundled wrap fee programs, the Adviser generally invoices clients for the payment of fees to the Adviser. The client typically directs the Program Sponsor to deduct advisory fees directly from such client accounts and forwards payment to the Adviser.

#### **C. Additional Fees and Expenses**

In addition to the advisory fees described above, clients may be subject to other fees and expenses in connection with JPMIM's advisory services.

**Transaction Charges**

Clients may pay brokerage commissions, taxes, charges and other costs related to the purchase and sale of securities for a client's account. See [Item 12](#) for additional information regarding the Adviser's brokerage practices.

**Custody and Other Fees**

Separate account clients typically establish a custody account under a separate agreement with a custodian bank, and the client will incur a separate custody fee for the custodian's services. The custodian may be an affiliate of the Adviser. If a client's account is invested in mutual funds or other pooled investment funds, the client's account generally will bear its pro rata share of the expenses of the fund, including custody fees.

**D. Prepayment of Fees**

The Adviser charges institutional account advisory fees in arrears and such fees are not paid in advance.

However, some wrap fee Program Sponsors require that their fees be paid in advance. In such cases, the wrap fee Program Sponsor will be responsible for refunds if participation in the program is terminated before the end of the billing period. Wrap fee program clients should review the terms and conditions of the wrap fee program or contact the wrap fee Program Sponsor regarding arrangements for refunds of pre-paid fees.

**E. Additional Compensation and Conflicts of Interest**

The Adviser does not receive compensation for the sale of securities or other investment products.

Where a separate account is directly invested in a mutual fund or other pooled investment vehicle, the Adviser does not generally receive advisory fees from both the account and the fund in which the account is invested. Typically the Adviser does not charge an account level advisory fee for account assets invested in mutual funds advised by JPMIM and its affiliates ("JPMorgan Funds" or "Affiliated Funds"), so that the client's account only bears the fees and expenses of the JPMorgan Fund. The Adviser may charge an account level advisory fee for account assets invested in third party mutual funds and exchange traded funds, ("ETFs").

In some cases, the Adviser will charge the client's account an advisory fee and will offset the fee by the amount of the advisory fees of the JPMorgan Funds in which the account is invested or the Adviser (or its affiliate, as applicable) will waive its advisory fee at the fund level. In certain cases, where the account is invested in a JPMorgan Fund or pooled investment vehicle which then invests in another such vehicle in accordance with the investing vehicle's investment objectives and policies, fees paid to JPMIM and its affiliates by the ultimate vehicle may not be waived or offset. Please refer to the offering document for the pooled investment vehicles in which your account is invested for additional information and disclosure related to fees and potential conflicts of interest.

For a description of circumstances where the Adviser has relationships with affiliates or other parties that may result in indirect compensation or benefits to the Adviser or its affiliates, please see [Item 10.C](#).

**ITEM 6****Performance-Based Fees and Side-by-Side Management****A. Performance-Based Fees**

Clients of JPMIM pay various types of fees for investment advisory services. For example, institutional account fees may be determined on a fixed rate, sliding scale or incentive basis. Most client accounts are charged fees based on a percentage of assets under management, and certain accounts are also charged an incentive or performance-based fee. Generally, these performance-based fees are calculated on a share of capital gains or on capital appreciation of a client's assets. As part of the initial acceptance process, clients will work with JPMIM to determine the fee structure that best fits their specific needs. JPMIM's fee structure is more fully described in [Item 5](#).

**B. Side-by-Side Management and Potential Conflicts of Interest**

JPMIM portfolio managers may simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. The portfolio managers of these accounts may utilize substantially similar investment strategies and may invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as "side-by-side management." Managing such accounts "side-by-side" may create a conflict of interest, as there may be a financial incentive to favor accounts for which the Adviser receives performance-based fees. Accounts that pay performance-based fees reward the Adviser based on the performance in those accounts. As a result, performance-based fee arrangements may provide a heightened incentive for portfolio managers to make investments that may present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied. In addition, the side-by-side management of accounts that pay performance-based fees and accounts that only pay a fixed-rate fee may create a conflict of interest as the portfolio manager may have an incentive to favor accounts with the potential to receive greater fees. For example, a portfolio manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

JPMIM is guided by fiduciary principles in the management of conflicts of interest. Put simply, JPMIM is expected to always act in the best interests of its clients. JPMIM's fiduciary obligation applies in every aspect of our dealings with clients, regardless of the account relationship, assets under management or fee structure. JPMIM takes its fiduciary obligation very seriously. To address these types of conflicts, JPMIM has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that JPMIM believes is consistent with its obligations as an investment adviser.

To further manage these potential conflicts of interest, the Adviser has implemented an Investment Director Review ("IDR") process that monitors accounts within the same strategy to ensure performance is consistent across accounts and that no one account is favored. For additional information regarding the Adviser's review process please see [Item 13.A](#).

---

**ITEM 7**

**Type of Clients**

The Adviser primarily provides investment advisory services to institutional clients, both U.S. and non-U.S. clients, including:

- Corporations
- Defined contribution and defined benefit pension plans
- Endowments and foundations
- Trusts
- Charitable organizations
- Insurance companies
- Investment companies (including mutual fund companies)
- Taft-Hartley plans
- Investment consultants
- Sovereigns and central banks
- State and local governments
- Supranational organizations
- Religious organizations
- Pooled investment vehicles
- Banking institutions

The Adviser also provides investment advisory services to the Global Wealth Management (GWM) division of J.P. Morgan Asset Management.

The Adviser generally requires a minimum account size for client accounts, which may vary based on the investment vehicle (separate account or fund), investment strategy and asset class. In addition, a larger minimum account balance may be required for certain types of accounts that require extensive administrative effort. Minimums may be waived under certain circumstances.

For certain types of investment funds offered or managed by the Adviser, U.S. investors must generally satisfy certain investor sophistication requirements, including that the client is an “accredited investor” under Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, a “qualified purchaser” within the meaning of section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”), and/or a “qualified eligible person” under Rule 4.7 of the Commodity Exchange Act.

**ITEM 8****Methods of Analysis, Investment Strategies and Risk of Loss****A. Methods of Analysis and Investment Strategies**

The Adviser utilizes different methods of analysis that are tailored for each of the investment strategies it offers its clients. Set forth below are the primary methods of analysis that the Adviser utilizes for its significant investment strategies.

This Item 8 includes a discussion of the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. While the Adviser seeks to manage accounts so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients should carefully read all applicable informational materials and offering/governing documents prior to retaining the Adviser to manage an account or investing in any JPMIM fund. See [Item 8.B.](#) for additional information regarding investment risks.

**Equity**

When investing in equity securities, the Adviser's primary method of analysis is research oriented. As part of this fundamental research process, the Adviser typically relies on:

- Research analysts whose primary focus is to research and analyze industries and companies.
- Portfolio managers who utilize the research provided by analysts and their own investment insights to buy and sell equity securities and construct portfolios.
- Stock screening procedures, using a database of equity securities that track historical earnings, forecasted earnings and earning growth rates, free cash flow, and stock price history.

In addition, the Adviser employs a disciplined approach to stock selection. Research analysts study industry trends, competitive dynamics, quality of business franchises, financial statements, valuation and the depth of management in determining whether a security represents an attractive investment. Analysts may forecast future earnings, cash flows and dividends to ascertain whether a security is under or over valued.

**Global Fixed Income, Currency & Commodities**

We deliver two distinctive styles of investing to our clients with consistent, disciplined risk management and client focus. Our 'Value-Driven' style is a disciplined value-driven approach based on bottom-up fundamental analysis with a focus on longer term investing and individual security analysis. Our 'Macro-Driven' style draws upon the expertise of a globally integrated team of sector specialists and portfolio managers focused on a research-driven approach.

- ***Value-Driven Investing***

All portfolios are managed on a team basis to incorporate a range of expertise and opinion into the investment process, which includes portfolio management, research, and risk management.

The Value-Driven Investment team incorporates a bottom-up, value-oriented approach to investment management and central to this approach is:

- Identifying securities that are priced inefficiently;
- Making sector allocation decisions based on a broad sector outlook, utilizing expected return and valuation analysis;
- Managing yield curve, with an emphasis on evaluating relative risk/reward relationships along the yield curve; and
- Managing portfolio duration used primarily as a risk control measure.

The investment process seeks to generate positive excess return through the selection of undervalued securities and spread sectors that offer incremental yield and total return in comparison to the index. A variety of quantitative methodologies are used to assess security value including total return analysis, which is used to estimate the total return for a given security over a specified time horizon. In this context, scenario analysis is conducted, which allows for analysis of each security based on different interest rate scenarios for reinvestment rates and hypothetical yields.

Although the fixed income investment process is driven largely by a bottom-up approach emphasizing security selection, close attention is paid to sector and sub-sector valuations and weightings. Sectors are analyzed and their relative attractiveness is based on an assessment of economic and industry factors, as well as supply and demand conditions. Historical spread analysis is conducted to help identify sectors that are over- or undervalued and to establish the risk/return tradeoff between sectors. Sectors are emphasized when the dynamics are attractive and when undervalued securities within the sector can be readily identified.

The Adviser will carefully manage duration to control interest rate risk in fixed income portfolios and use it sparingly as an active management tool. Duration may be adjusted periodically, in small increments, seeking to enhance returns when the market is undervalued and to protect portfolio value when the market is overvalued. The duration decision is based on the adviser's interest rate forecasts, which incorporate many factors such as the outlook for inflation, the monetary aggregates, anticipated Federal Reserve policy and the overall economic environment.



In conjunction with the economic analysis JPMIM performs with respect to duration decision, JPMIM identifies broad interest rate trends and supply and demand relationships that may influence the shape of the yield curve. As part of the investment process, JPMIM will evaluate the risk/reward posture of various maturities along the yield curve in an effort to identify undervalued portions of the yield curve.

- ***Macro-Driven Investing***

Global debate forms the foundation of the Adviser's investment process with investors across the firm contributing to their regular strategy-setting sessions. The Investment Strategy Team ("IST"), chaired by the Global Chief Investment Officer, meets each quarter to discuss the key factors driving the fixed income markets. At these sessions, approximately 20 of the lead portfolio managers and sector specialists provide valuable insight into their specific sectors, debate factors likely to influence the markets over the coming quarters, and establish themes that will guide the Adviser's fixed income investment strategies.

Once investment themes have been established, the Adviser's sector specialists scan the market for investment opportunities. Each team has developed a unique approach for analyzing their sector, utilizing a combination of fundamental, quantitative and technical inputs to identify buy and sell targets. The Adviser's portfolio managers are responsible for tailoring investment strategies to each client's objectives and guidelines. Portfolio managers determine sector allocations and select securities, identified by sector specialists, which are suitable for each portfolio. Once constructed, portfolios are closely monitored by portfolio managers, sector specialists, quantitative analysts and risk managers to ensure they comply with guidelines and that portfolio risk is appropriately managed.

- *Quarterly Investment Theme Development*

During the quarterly IST meeting, the Adviser determines and documents a variety of macroeconomic scenarios and a set of investment themes to establish interest rate and sector portfolio expectations that will drive fixed income investments over the next quarter. Each scenario is assigned a level of probability conveying the investment team's confidence level. These scenarios and the resulting portfolio allocations are monitored weekly at individual sector and multi-sector meetings. The scenarios and investment themes do not establish portfolio positions, but serve as a framework for risk allocation, sector weightings and portfolio construction.

These scenarios and investment themes form the basis for investment strategy across all Global Fixed Income, Currency & Commodities accounts. Fluid intra-day dialogue between portfolio managers and sector specialists allows for adjustments to portfolios in response to market changes. Should major market events occur that are counter to the Adviser's investment themes, the team will convene as needed to discuss current portfolio positioning and how to readjust portfolios, if necessary.

- ***Currency Management***

The Currency Group specializes in customized solutions to the currency issues faced by clients, such as generating excess returns from the movements of exchange rates, or controlling the currency risk inherent in cross-border investments and liabilities. These solutions can be accessed via a range of investment vehicles.



The Adviser also offers a range of hedging solutions for managing currency risk using specialized portfolio management tools and technology to ensure risk management is exceptionally strong.

The Adviser's investment style for active management is multi-disciplined and diversified. The Adviser seeks to capture the primary drivers of a broad range of global currencies as consistently as possible. The approach is to build a portfolio of long/short currency positions based on their relative fundamentals, incorporating different timeframes, macro-themes and idiosyncratic views. The Adviser believes a combination of both quantitative and qualitative assessments is the best way to add value for our clients.

- ***Commodities***

The Adviser believes the combination of fundamental, quantitative and technical analysis can help avoid common problems in commodities investing and help capture excess returns versus the benchmark. The Adviser individualizes the investment process for each commodity based on their unique characteristics:

- Sector-specific analysts develop a fundamental view on each commodity
- Quantitative tools help to identify the optimal investment opportunity on each commodity curve
- Technical signals are used to guide implementation.

### **Global Liquidity**

The Adviser delivers two main strategies to our clients with consistent, disciplined risk management and client focus. The Liquidity Strategy focuses on principal preservation and liquidity, and is designed to protect client interests through a conservative investment philosophy and a strong focus on credit analysis. The Managed Reserves Strategy, which is highly customizable to individual client risk tolerances and needs, seeks to outperform the returns of a money market fund while retaining focus on preservation of principal by carefully managing interest rate and credit risk.

- ***Liquidity Strategy***

The Adviser has an integrated investment process, from strategic allocations to portfolio construction, which focuses on credit analysis. A strong credit process is at the core of the Adviser's philosophy and is a direct reflection of the conservative investment culture.

A team of more than 20 credit research analysts support the Global Liquidity business. Each analyst follows an assigned list of industries or sectors, loosely based on the corporate component of the broad market indices. Analysts are responsible for all issuers in their sectors and across all maturities and ratings categories to ensure the consistency of the analytical approach. In doing their reviews, credit analysts rely on an in-depth analysis of company, industry, and competitor information.

The Adviser does not solely rely on outside rating agencies to make its credit assessments. Analysts are responsible for independently evaluating the creditworthiness of existing holdings and potential new issues for all portfolios. The Adviser supplements proprietary information with sell-side research and selected database services; however, this input is of secondary importance. In addition, the significant trading presence in the markets facilitates the gathering of market information by the in-house trading desk.

This is supplemented by meetings with company management. The output of the credit research is two-fold; first, a documented credit analysis of each company the Adviser follows with relative value opinions, and second, for short-term instruments, the maintenance of a proprietary approved-for-purchase list. The approved-for-purchase list is an internal database accessible to portfolio managers, credit researchers and senior management. It includes a list of all counterparties with which the Adviser is comfortable adding exposure within the funds, a maximum tenor limit for those exposures, a concentration limit and a nominal dollar limit for the exposure to the counterparty across the Global Liquidity business in aggregate, and an internal credit rating. All of these distinct pieces of data are ways that the analyst can communicate their outlook for a particular issuer and their judgment of the associated risk.

Portfolio managers pick investments solely from the approved-for-purchase list, which is incorporated into the risk and control systems to ensure continuous compliance with fund guidelines. The portfolio managers have no authority to buy issues that are not on the approved-for-purchase list.

The investment process for the Liquidity Strategy involves four key stages: determining the macroeconomic outlook; assessing the credit quality of potential investments and identifying investment opportunities to construct portfolios in line with investment objectives; working closely with clients to ensure that the Adviser meets their cash flow requirements; and, finally, monitoring positions to manage risk and ensure compliance with investment guidelines.

- ***Managed Reserves Strategy***

The Adviser employs a disciplined approach that is driven by fundamental research and focuses on duration, sector allocation and security selection decisions. Duration and yield curve exposure is managed based on the Adviser's views on future interest rate levels, keeping in mind clients' cash flow requirements. The Adviser targets diversified sources of portfolio returns using internally generated fundamental, quantitative and technical research.

- *Economic Outlook*

Each month, senior investment professionals from the Managed Reserves Investment Committee ("MRIC") meet to discuss the fundamental outlook for the economy, focusing on factors such as GDP growth, unemployment and interest rates. Data from a range of internal and external economic sources are compiled and debated by the team, and a consensus view is established. This view is then translated into investment themes which guide portfolio decisions.

- *Scenario Analysis*

The portfolio management team utilizes scenario analysis tools to evaluate security and portfolio performance in different environments to help determine optimal portfolio positioning on the yield curve and across sectors.

- *Model Portfolio*

Using the results of the scenario analysis, the portfolio management team develops a model portfolio for the Managed Reserves Strategy. This portfolio includes the optimal yield curve and sector positions identified during the scenario analysis, focusing in particular on those positions that performed well across all economic scenarios. The model portfolio guides portfolio construction and is updated bi-monthly. While

this process determines broad sector allocation, it is then up to the credit analysts to perform bottom-up security selection within their sectors.

- *Portfolio Construction*

Using the model portfolio as a base, all portfolios are constructed in line with client guidelines. Individual securities are selected based on their relative value and ability to achieve client investment objectives. Rigorous credit analysis forms the foundation for security selection. Only those securities included on the approved-for-purchase list, developed by the Adviser's in-house credit research team, can be incorporated into Managed Reserves portfolios. Portfolio positions are monitored daily by the portfolio management team and reviewed monthly by the Managed Reserves Investment Policy Committee ("MRIPC"). Please note that each portfolio is highly customizable to each client's guidelines. Permissible security types, as well as maximum maturity, minimum credit quality, maximum allocation by sector, maximum duration, minimum average overall credit quality, as well as many other criteria are customized to each individual client's requirements, and can be updated as market conditions/business cycles change.

### **Global Real Assets**

When making global real asset investments, the Adviser makes investment decisions based upon a variety of factors, including, without limitation, a fulsome macro and micro research analysis and a quantitative financial analysis. Such factors ensure the performance viability of the proposed investment and its compatibility with a client's investment strategy and objectives. Prior to making an investment, the Adviser requires the approval of an investment committee, whose review includes consideration of the following factors, among others, and as appropriate to the asset class: cash flow and debt assumptions, return models, property/operational history, location analysis, environmental analysis, investment proposal, transaction structure (equity/debt), investment strengths and weaknesses, tenant/customer analysis, replacement cost analysis, research assessment, comparable sales and lease analysis, and investment recommendation.

### **Global Asset Allocation**

The Adviser develops and manages multi-asset, multi-manager and/or multi-strategy portfolio solutions to a broad range of investment objectives for a diverse base of institutional and retail clients. The group's investment capabilities encompass the complete spectrum from traditional to alternative asset classes globally.

The Adviser manages the following types of solutions:

- **Target Date Strategy** -- Glide-path oriented target date funds designed to maximize defined contribution participant income replacement upon retirement.
- **Target Risk Strategy** -- Asset-based benchmark oriented global multi-asset strategies designed to deliver compelling risk-adjusted excess returns over a market cycle; we manage across a range of stated benchmarks which include a variety of traditional and alternative asset classes. Active risk positions are expressed as over-and-underweights versus the benchmarks asset weights. In some cases we may hold non-benchmark exposures.

- **Thematic/Flexible/Total Return/Liability Aware Strategies** -- Start with an investment challenge such as to achieve a specific return goal, a need to outperform liabilities, generate income, provide exposure to real assets or deliver inflation protection. Additional risk objectives such as to minimize the risk of losing capital may be present as well. The group employs a holistic investment approach with a flexible portfolio construction process for these strategies, since objectives are formulated without reference to individual asset classes in which to invest or traditional asset-based benchmarks.
- **Single Asset Strategies** -- Operate separately from the group's principal investment process by focusing on a single asset class (e.g. Global Convertibles) and follow a rigorous bottom-up selection approach. Stock selection is the key driver of performance in these types of portfolios.
- **Quantitative/Alternative Beta Strategies** -- Operate separately from the group's principal investment process by relying on a model driven investment and portfolio construction process based on proprietary risk factor models. The strategies are primarily implemented through the use of financial derivative instruments and often employ structural leverage.
- **Passive & Enhanced Beta (Index) Strategies** -- Also independent from the group's principal investment process, the Adviser manages passive and enhanced index strategies.

The Adviser's principal investment process constructs portfolios from the insights it generates through several differentiated proprietary research approaches, resulting in thoughtfully selected assets from an extensive global platform. The investment process starts with a Strategic Asset Allocation Framework which is based upon long-term capital market assumptions and asset allocation research. The group generates its insights from the three main areas of research: fundamental research, quantitative analysis, and manager research.

- **Fundamental Research** -- The Adviser performs rigorous qualitative and econometric analysis and modeling to identify, study, and distill evolving macroeconomic investment themes. In particular, the Adviser analyzes both the level and change of five major economic factors (output, inflation, credit, policy, and external) across the U.S., Euro area, Japan and Emerging regions.
- **Quantitative Research** -- The Adviser develops and maintains a suite of Tactical Asset Allocation ("TAA") models. The focus of the TAA models is to generate insights on the relative value of assets and allocation decisions that produce alpha without changing the overall risk profile of a strategic asset allocation. The TAA models incorporate longer-term as well as shorter-term categories of factors based on the following five drivers: Valuation, Business Cycle, Liquidity, Risk and Technical.
- **Manager Research** -- The Adviser assesses people, process, and performance to develop return expectations relative to the underlying asset class and to determine whether there is a fit within our client portfolios. Fit includes conviction in the asset class and confidence in the manager's ability to maintain a consistent investment process and provide style diversification within a multi-asset portfolio. The Adviser values, in particular, strategies where the manager will also express a view on whether their own market segment or style is likely to be in or out of favor.

The insights generated by the three areas of research are then used as inputs in the various strategy and portfolio management team meetings operated by the Adviser. The strategy and portfolio management

team meetings are designed to identify the product-specific investment characteristics that best reflect the group's investment insights and convictions. Directed by the respective Chief Investment Officers, and supported by tools developed by research, the group's portfolio managers construct portfolios tailored to the specific client objectives and restrictions. The portfolio managers determine the final portfolio positions and transactions, security and fund selection, as well as monitor the underlying investment managers.

In addition to its principal research, the group also operates three separate investment processes for alternative beta/quantitative, passive and enhanced index and single asset strategies.

Quantitative/Alternative Beta Strategies are systematic investment approaches based on a factor-based asset allocation process. These strategies typically rely on a proprietary model-driven investment and portfolio construction process. Individual portfolio strategies are comprised of one or several asset allocation building blocks including traditional asset classes (e.g. equities, bonds and commodities), risk premia (e.g. value, momentum and carry) and risk factors (e.g. inflation and growth). The model-driven portfolio construction process for these strategies emphasizes overall risk control, breadth of portfolio positions, and risk diversification over a medium-term horizon.

Passive strategies are designed with the objective of replicating index results with minimal tracking error. Factor based enhanced strategies are designed and carefully constructed with the objective of producing higher returns than the index while incurring a moderate level of tracking error.

Single Asset Strategies (e.g. Global Convertibles) are based on a rigorous security-level research and selection approach. The portfolios overall positioning reflect the broader asset allocation insights developed from the group's research as described above as well as investment insights developed with the country specialists in the Adviser's regional equity teams and external research.

As mentioned above, for certain clients, JPMIM may manage portfolios by allocating portfolio assets among various securities, including underlying JPMorgan Funds, on a discretionary basis using one or more of its proprietary investment models. In so doing, JPMIM buys, sells, exchanges and/or transfers underlying funds based upon the investment strategy. JPMIM's management using these models complies with the requirements of Rule 3a-4 of the 1940 Act. Rule 3a-4 provides similarly managed accounts, such as the models, with a safe harbor from the definition of an investment company. Securities in the model are usually exchanged and/or transferred without regard to a client's individual tax ramifications.

### **Private Equity**

Successful private equity investing depends to a large degree on the ability to attract and develop a steady flow of quality investment opportunities, and to select investments that will provide superior risk-adjusted returns from these opportunities. When making private equity investments, the Adviser takes a bottom-up approach designed to assess the probability of a sponsor's future success, and focuses on the track record and reputation of the principals, their investment thesis and investment strategy, the sponsor's decision making process and the sponsor's relevant past performance.

### **Partnerships**

The investment selection process for partnership investments requires initial screening of new proposals, introductory meetings and extensive due diligence. After a potential investment has been initially

approved, the deal team and the investment vehicle's legal counsel will work with the general partner and its counsel on the review and, when appropriate, negotiation of the partnership agreement. At this stage, areas of focus for the deal team will include management fees, distribution policy, claw-back provisions, ERISA and other legal and tax issues. After the partnership agreement and other legal documents have been reviewed and, when appropriate, successfully negotiated, the investment will be presented to the Adviser for final approval. A consensus of the senior investment professionals of the private equity group of the Adviser is required to approve an investment.

- ***Direct Company Investments***

Direct investment opportunities in companies are expected primarily to be co-investments sourced through the Adviser's relationships with partnership sponsors. The Adviser's direct investment selection process is designed to capitalize on the due diligence work performed by the general partners. Although a general partner's due diligence will not be a substitute for the Adviser's own assessment of the opportunity, the Adviser will benefit from the general partner's work and expertise in the sector and thus free up time and resources for the Adviser to focus its efforts on aspects of the investment that are of particular interest or concern.

The deal team pursuing a direct investment opportunity will prepare an investment memorandum detailing the material aspects of the investment, including the company's business description, industry analysis, investment considerations, description of the transaction and features of the security being issued, management, financial analysis (historical and projected financials, return analysis, sensitivity analyses), and legal, environmental and other contingent liability analysis. Investments will be discussed and analyzed with appropriate members of the management team, and will be subject to final approval by consensus of the senior investment professionals of the private equity group of the Adviser.

The most important investment criteria for direct investments will be the projected returns, the attractiveness of the industry, the company's relative position in its industry, valuation, depth of the management team, type of security issued, and the alignment of interests with the general partner.

The Adviser's Private Equity Distribution Management ("PEDM") program is designed to manage private equity in-kind distributions with the goal of maximizing cash-to-cash returns on private equity investments. Specifically, the Adviser seeks to complete the private equity cycle with the objective of:

- Operate maximizing returns on the sale of distributed securities, relative to distribution price
- Returning capital to investors as quickly as possible to maximize reinvestment opportunities for the client

**B. Material, Significant, or Unusual Risks Relating to Investment Strategies**

The investment strategies utilized by the Adviser depend on the requirements of the client and the investment guidelines associated with the client's account. Each strategy is subject to material risks. An



account or fund may not achieve its objective if the Adviser's expectations regarding particular securities or markets are not met.

The Adviser will disclose the risk factors for a particular strategy to the client, and in the case of pooled investment funds, the Adviser will disclose the risk factors associated with the fund's investment strategy in the prospectus, offering memorandum or other materials of the fund.

Set forth below are some of the material risk factors that are often associated with the investment strategies and types of investments relevant to many of the Adviser's clients. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

**General Market Risk.** Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.

**Equity Securities Risk.** Exposure to equity securities (such as stocks) creates more volatility and carries more risks than some other forms of investment. The price of equity securities may rise or fall, sometimes rapidly or unpredictably, because of economic or political changes or changes in a company's financial condition. These price movements may result from factors affecting individual companies, sectors or industries selected for an underlying fund's portfolio, or the securities market as a whole (such as changes in economic or political conditions).

**Income Securities Risk.** Investments in income securities will change in value based on changes in interest rates and are subject to the risk that a counterparty will fail to make payments when due or default. If rates rise, the value of these investments drops. Certain underlying funds invest in variable and floating rate loan assignments and participations (loans) and other variable and floating rate securities. Although these instruments are generally less sensitive to interest rate changes than other fixed rate instruments, the value of floating rate loans and other securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Given the historically low interest rate environment, risks associated with rising rates are heightened. Certain underlying funds invest in mortgage-related and asset-backed securities including so-called "sub-prime" mortgages that are subject to certain other risks including prepayment and call risks. When mortgages and other obligations are prepaid and when securities are called, an underlying fund may have to reinvest in securities with a lower yield or fail to recover additional amounts (i.e., premiums) paid for securities with higher interest rates, resulting in an unexpected capital loss and/or a decrease in the amount of dividends and yield. Mortgage-related and asset-backed securities may decline in value, face valuation difficulties, be more volatile and/or be illiquid. The risk of default for "sub-prime" mortgages is generally higher than other types of mortgage-back securities. The structure of some of these securities may be complex and there may be less available information than other types of debt securities. Some of the underlying funds invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac)). Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity. Notwithstanding that these securities are backed by the full faith and credit of the United States,

circumstances could arise that would prevent the payment of principal and interest. Securities issued by U.S. government related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and no assurance can be given that the U.S. government will provide financial support.

- **Foreign Securities and Emerging Markets Risk.** Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, civil conflicts and war, greater volatility, currency fluctuations, higher transactions costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, liquidity risks, and less stringent investor protection and disclosure standards of foreign markets. In certain markets where securities and other instruments are not traded “delivery versus payment,” the Fund may not receive timely payment for securities or other instruments it has delivered and may be subject to increased risk that the counterparty will fail to make payments when due or default completely. Events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in “emerging markets.” These countries may have relatively unstable governments and less-established market economies than developed countries. Emerging markets may face greater social, economic, regulatory and political uncertainties. These risks make emerging market securities more volatile and less liquid than securities issued in more developed countries.

**Government Securities Risk.** Some strategies invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities. With respect to securities issued or guaranteed by U.S. government-related organizations that are not backed by the full faith and credit of the U.S. government, there is no assurance that the U.S. government would provide financial support to these agencies, instrumentalities or government-sponsored enterprises if it is not obligated to do so by law.

**High Yield Securities Risk.** Certain strategies invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy or financially distressed. These investments (known as junk bonds) are considered to be speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties, and potential illiquidity.

**Derivatives Risk.** Certain strategies may use derivatives. Derivatives, including forward currency contracts, futures, options and commodity-linked derivatives and swaps, may be riskier than other types of investments because they may be more sensitive to changes in economic and market conditions, and could result in losses that significantly exceed the Fund’s original investment. Many derivatives create leverage thereby causing the Fund to be more volatile than it would have been if it had not been exposed to such derivatives. Derivatives also expose the Fund to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including the credit risk of the derivative counterparty. Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, the Fund does not have a claim on the reference assets and is subject to enhanced counterparty risk. Derivatives may not perform as expected, so the Fund may not realize the intended benefits. When used for hedging, the change in value of a derivative may not correlate as expected with the security being hedged. In addition, given their complexity, derivatives expose the Fund to risks of mispricing or improper valuation.

**Commodity Risk.** Certain strategies have exposure to commodities. Exposure to commodities, commodity-related securities and derivatives may subject an underlying fund to greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of



commodity-linked investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity. In addition, to the extent that an underlying fund gains exposure to an asset through synthetic replication by investing in commodity-linked investments rather than directly in the asset, it may not have a claim on the applicable underlying asset and will be subject to enhanced counterparty risk.

**High Portfolio Turnover Risk.** Certain funds and accounts engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that may be a taxable event to clients.

**Asset-Backed, Mortgage-Related and Mortgage-Backed Securities Risk.** Certain strategies invest in mortgage-related and asset-backed securities including so-called “sub-prime mortgages” that are subject to certain other risks including prepayment extension and call risks. Since mortgage borrowers have the right to prepay principal in excess of scheduled payments, there is a risk that borrowers will exercise this option when interest rates are low to take advantage of lower refinancing rates. When that happens, the mortgage holder will need to reinvest the returned capital at the lower prevailing yields. This prepayment risk, as well as the risk of a bond being called, can cause capital losses. Conversely, when rates rise significantly, there is a risk that prepayments will slow to levels much lower than anticipated when the mortgage was originally purchased. In this instance, the risk that the life of the mortgage security is extended can also cause capital losses, as the mortgage holder needs to wait longer for capital to be returned and reinvested at higher prevailing yields. Mortgage-related and asset-backed securities may decline in value, face valuation difficulties, be more volatile and/or be illiquid.

**Smaller Companies Risk.** Certain strategies invest in securities of smaller companies. Investments in smaller, newer companies may be riskier than investments in larger, more established companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies may be more vulnerable to economic, market and industry changes. Because economic events have a greater impact on smaller companies, there may be greater and more frequent changes in their stock price. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize earning profits in the foreseeable future.

**Currency Risk.** Changes in foreign currency exchange rates may affect the value of portfolio securities and devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

**Liquidity Risk.** Investments in privately placed securities, structured notes, or other instruments may be difficult to purchase or sell, possibly preventing the sale of these illiquid securities at an advantageous price or at the time desired. A lack of liquidity may also cause the value of investments to decline and the illiquid investments may also be difficult to value.

**Geographic Focus Risk.** Certain strategies and funds concentrate their investments in a region or small group of countries and as a result the value of the portfolio may be subject to greater volatility than a more geographically diversified portfolio.

**Exchange Traded Fund Risk.** Certain strategies and funds make use of ETFs. ETFs use an indexing approach and may be affected by a general decline in market segments or asset classes relating to its underlying index. Each ETF invests in securities and instruments included in, or representative of, its

underlying index regardless of the investment merits of the underlying index. ETFs generally will not be able to duplicate exactly the performance of the underlying indexes they seek to track. Although ETFs are generally listed on securities exchanges, there can be no assurances that an active trading market for such ETFs will be maintained. In addition, secondary market trading in ETFs may be halted by a national securities exchange because of market conditions or for other reasons.

**Index Funds Risk.** Index funds are not actively managed and are designed to track the performance and holdings of a specified index. Securities may be purchased, held and sold by an index fund or an account following an index strategy at times when an actively managed fund would not do so. There is also the risk that the underlying performance of an index fund may deviate from the performance of the index.

**Growth Investing Risk.** Growth investing attempts to identify companies that the Adviser believes will experience rapid earnings growth relative to value or other types of stocks. Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value. The performance of growth strategies may be better or worse than the performance of equity strategies that focus on value stocks or that have a broader investment style.

**Value Investing Risk.** Value investing attempts to identify companies that are undervalued according to the Adviser's estimate of their true worth. A value stock may decrease in price or may not increase in price as anticipated by the Adviser if other investors fail to recognize the company's value or the factors that the Adviser believes will cause the stock price to increase do not occur. The performance of value investing strategies may be better or worse than the performance of equity funds that focus on growth stocks or that have a broader investment style.

**Real Estate Risk.** There are certain risks associated with the development, construction and/or ownership of real estate and the real estate industry in general, including: the burdens of ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws, fiscal and monetary policies and other governmental rules; environmental claims arising with respect to properties acquired with undisclosed or unknown environmental problems or with respect to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy that depress travel activity; uninsured casualties; *force majeure* acts, terrorist events, underinsured or uninsurable losses; and other factors which are beyond the reasonable control of the applicable investment fund or its investment adviser. In addition, as recent experience during the financial crisis has demonstrated, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Many of these factors could cause fluctuations in occupancy rates, rent schedules, or operating expenses, and may adversely impact returns. The value of investments may fluctuate significantly due to these factors among others and may be significantly diminished in the event of a sudden downward market for real estate and real estate-related assets. The returns available from investments depend on the amount of income earned and capital appreciation generated by the relevant underlying properties, as well as expenses incurred in connection therewith. If properties do not generate income sufficient to meet operating expenses, including amounts owed under any third-party borrowings and capital expenditures, returns will be adversely affected. In addition, the cost of complying with governmental laws and regulations and the cost and availability of third-party borrowings may also affect the market value of and

returns from real estate and real estate related investments. Returns would be adversely affected if a significant number of tenants were unable to pay rent or if properties could not be rented on favorable terms. Certain significant fixed expenditures associated with purchasing properties (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from properties.

**Real Estate Securities Risk.** The value of real estate securities in general, and Real Estate Investment Trusts ("REITs") in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will be influenced by many factors including the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages, commercial mortgage-backed securities, etc. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

**Private Equity Specific Risks.** The structure of private equity investment vehicles presents certain risks, apart from the portfolios of investments, of which investors should be aware.

***Long-term commitment required*** - A commitment is a long-term investment. The expected term of each investment vehicle can be up to fifteen years. The investment vehicles may draw down the capital commitments of investors at any time during their term. There will be a substantial period of time during which investors may be obligated to provide capital without receiving any return and regardless of the performance of the investment vehicles. Investors should be willing to hold their interests until the liquidation of the investment vehicles.

***Lack of control by investors*** - Investors will not have the ability to select, veto or cause the sale or other disposition of any investments by the investment vehicles or to determine the timing of any takedown, distribution or liquidation of the investment vehicles.

***Illiquidity; Restrictions on transfer and withdrawal*** - An investment in the investment vehicles will be highly illiquid. Except in certain very limited circumstances investors will not be permitted to transfer their interests without the prior written consent of the Board of Managers of the relevant investment vehicle, which may be granted or withheld in its sole discretion. The transferability of interests in the investment vehicles also will be subject to certain restrictions contained in the substantive documents and restrictions on resale imposed under applicable securities laws.

***Penalty for default***

An investor that defaults in any payment with respect to its capital commitment to an investment vehicle will be subject to substantial penalties, including for each event of default a reduction in its interest in such investment vehicle corresponding to a reduction in its capital contributions (but not below zero) by an amount equal to 25 percent of its capital commitment.

***Diversification risk***

Each investment vehicle may make only a limited number of investments and, as a consequence, the aggregate return on investments may be substantially adversely affected by the unfavorable performance of one or a small number of the investments.

***Risks of corporate finance and venture capital investments***

Investments made in connection with acquisition transactions are subject to a variety of special risks, including the risk that the acquiring company has paid too much for the acquired business, the risk of unforeseen liabilities, the risks associated with new or unproven management or new business strategies and the risk that the acquired business will not be successfully integrated with existing businesses or produce the expected synergies.

Venture companies may be in a conceptual or early stage of development, may not have a proven operating history, may have products that are not yet developed or ready to be marketed or that have no established market.

Companies may face significant fluctuations in operating results, may need to engage in acquisitions or divestitures of assets in order to compete successfully or survive financially, may be operating at a loss, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or otherwise may have a weak financial condition.

Companies may be highly leveraged and, as a consequence, subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance their future operations and capital needs. As a result, these companies may lack the flexibility to respond to changing business and economic conditions, or to take advantage of business opportunities.

Companies may face intense competition, including competition from companies with far greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.

**Regulatory Risk.** Pending and ongoing regulatory reform may have a significant impact on JPMIM's investment advisory business. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was signed into law in the United States. Dodd-Frank is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions in order to be implemented fully. Dodd-Frank may significantly change JPMIM's operating environment and the financial markets in general in unpredictable ways. It is not possible to predict the ultimate effects that Dodd-Frank, or subsequent implementing regulations and decisions, will have upon JPMIM's business and results of operations. Among the potential impacts of Dodd-Frank, provisions of Dodd-Frank referred to as the Volcker Rule will likely impact the method by which JPMIM seeds, invests in and operates its private investment funds, including private equity funds and hedge funds. The impact of the Volcker Rule on liquidity and pricing in the broader financial markets is unknown at this time. The Volcker Rule became effective on July 21, 2012, and banking entities (including JPMC and its subsidiaries, including JPMIM) have until July 2016 to conform their activities into compliance with the Volcker Rule unless an extension applies. Among other things, the Volcker Rule generally prohibits pooled investment vehicles from engaging in transactions that would cause a banking entity or its affiliates to have credit exposure to

a pooled investment vehicle managed by its affiliates, that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect accounts that are, or are invested in, pooled investment vehicles, including because the restrictions could limit a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from JPMIM.

In addition, JPMIM and/or its funds could become designated as a systemically important financial institution ("SIFI") and become subject to direct supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). If JPMIM were designated a SIFI, it could be subject to enhanced prudential, supervisory and other requirements, such as risk-based capital requirements; leverage limits; liquidity requirements; resolution plan and credit exposure report requirements; concentration limits; a contingent capital requirement; enhanced public disclosures; short-term debt limits; and overall risk management requirements. Further, final regulations adopted under Dodd-Frank, relating to regulation of swaps and derivatives, will impact the manner by which JPMIM and JPMIM-advised funds and accounts use and trade swaps and other derivatives, and may increase the costs of derivatives trading. Similarly, JPMIM's management of funds and accounts that use and trade swaps and derivatives may be adversely impacted by recently adopted changes to the Commodity Futures Trading Commission regulations. Other jurisdictions outside the United States in which JPMIM operates are also in the process of devising or considering more pervasive regulation of many elements of the financial services industry, which could have a similar impact on JPMIM and the broader markets.

**Short Selling Risk.** Certain strategies may engage in short selling. Client accounts will incur a loss as a result of a short sale if the price of the security sold short increases in value between the date of the short sale and the date on which the account purchases the security to replace the borrowed security. In addition, a lender may request, or market conditions may dictate, that securities sold short be returned to the lender on short notice, and the account may have to buy the securities sold short at an unfavorable price. If this occurs, any anticipated gain to the account may be reduced or eliminated or the short sale may result in a loss. The account's losses are potentially unlimited in a short sale transaction. Short sales are speculative transactions and involve special risks, including greater reliance on the Adviser's ability to accurately anticipate the future value of a security. Furthermore, taking short positions in securities results in a form of leverage which may cause the account to be more volatile.

### **C. Risks Associated With Particular Types of Securities**

See [Item 8.B](#) for a summary of the risks associated with certain types of securities and asset classes.

---

## **ITEM 9**

### **Disciplinary Information**

#### **A. Criminal or Civil Proceedings**

The Adviser has no material civil or criminal actions to report.

**B. Administrative Proceedings Before Regulatory Authorities**

The Adviser has no material administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority to report.

**C. Self-Regulatory Organization ("SRO") Proceedings**

The Adviser has no material SRO disciplinary proceedings to report.

---

**ITEM 10**

**Other Financial Industry Activities and Affiliations**

**A. Broker-Dealer Registration Status**

JPMIM is not a registered broker-dealer; however, some of JPMIM's management persons are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of J.P. Morgan Institutional Investments Inc. ("JPMII"), an affiliated broker-dealer, if necessary to perform their responsibilities. JPMorgan Distribution Services, Inc. ("JPMDS"), an affiliated broker-dealer, serves as the distributor for the JPMorgan Funds.

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration Status**

JPMIM is registered with the U.S. Commodity Futures Trading Commission (the "CFTC") as a commodity trading advisor and commodity pool operator. JPMIM is also a member of the National Futures Association (the "NFA"). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial instruments in which certain clients and pooled vehicles may invest.

JPMIM filed a notice of claim for exemption pursuant to CFTC Rule 4.7 in April 1995. Rule 4.7 exempts a commodity trading advisor and a commodity pool operator that files a notice of claim for exemption from having to provide a CFTC-mandated Disclosure Document to certain highly accredited clients known as Qualified Eligible Participants ("QEPs") who consent to their accounts being Rule 4.7-exempt QEP accounts. Accordingly, the Adviser is exempt from the requirement to provide a Disclosure Document with respect to its Rule 4.7-exempt QEP accounts.

In accordance with Rule 4.7, the Adviser must prominently display the following CFTC-specified disclosure statement in this Brochure.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMODITY FUTURES TRADING COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE



MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR BROCHURE.

In addition, many of JPMIM's management persons are registered with the NFA as Associated Persons of JPMIM, if necessary or appropriate to perform their responsibilities.

**C. Material Relationships or Arrangements with Industry Participants**

The Adviser is part of a large financial services firm. In connection with providing investment advisory services to its clients, the Adviser may use or recommend its own products and services or those of its affiliates or other related persons.

The Adviser may manage accounts on behalf of affiliated entities of JPMIM, which may potentially create conflicts of interest related to the Adviser's determination to use, suggest, or recommend the services of such entities. The particular services involved will depend on the types of services offered by the affiliate.

**Broker-Dealers**

The Adviser uses JPMI, an affiliate, to facilitate the distribution of certain pooled investment funds. JPMDS, an affiliate, serves as the distributor for the JPMorgan Funds.

J.P. Morgan Securities LLC ("JPMS"), an affiliate, is dually registered as a broker-dealer with FINRA and an investment adviser with the SEC. JPMS is also registered as a futures commission merchant with the CFTC. JPMS is a wholly-owned subsidiary of JPMC. Pursuant to the 1940 Act, persons affiliated with the registered JPMorgan Funds and persons who are affiliated with such persons are prohibited from dealing with the registered JPMorgan Fund as principal in the purchase and sale of securities unless an exemptive order allowing such transactions is obtained from the SEC. The SEC has granted exemptive orders permitting certain registered JPMorgan Funds to engage in principal transactions with JPMS involving taxable and tax-exempt money market instruments (including commercial paper, banker acceptances and medium term notes) and repurchase agreements. The orders are subject to certain conditions, which are intended to avoid potential conflicts of interest. The Adviser has controls in place to monitor its ongoing compliance with the conditions. The Adviser also utilizes JPMS as a futures commission merchant for clearing purposes only and transactions are not executed with the affiliate and as a placement agent for some of JPMIM's private funds.

**Investment Companies or Other Pooled Investment Vehicles**

JPMIM is the investment adviser or sub-adviser for various open-end and closed-end investment companies registered under the 1940 Act, and sponsored by the Adviser or affiliated registered investment advisers. JPMIM is the primary adviser to the U.S. mutual funds complex known as the JPMorgan Funds.

In addition, JPMIM also serves as the adviser to other pooled investment vehicles, including private funds exempt from registration under the 1940 Act, and various registered and unregistered investment companies and pooled investment vehicles organized or formed under the laws of other countries and jurisdictions.

Partnerships and Limited Liability Companies

From time to time, the Adviser or its related persons may act as a general partner or special limited partner of a limited partnership, or managing member or special member of a limited liability company to which the Adviser serves as an adviser or sub-adviser. The Adviser and related persons may solicit the Adviser's clients to invest in such limited partnerships or limited liability companies, for which the Adviser or a related person may receive compensation. The Adviser may provide services to unregistered funds in which a related person may be acting as a general partner or managing member.

From time to time, related persons of the Adviser may serve as a director of a non-U.S. investment company for which the Adviser may solicit clients to invest. For a list of such funds, please refer to Section 7.B of Schedule D in Form ADV Part 1A.

Recommendations and Investments Related to Affiliates

For certain accounts and on a discretionary basis with client consent, the Adviser may invest client assets in funds that are advised by the Adviser, including the JPMorgan Funds. In general, client assets invested in these funds will be excluded from the calculation of investment management fees payable to the Adviser. In addition, with the prior consent of the client, free cash balances may automatically be invested in shares of an affiliated money market fund. In such cases, clients are advised that the value of the money market fund shares will be included in determining both the Adviser's investment management fee, and the Adviser's management fee as adviser to the affiliated money market fund.

The Adviser may recommend its affiliated investment advisers to clients, and with client consent, the Adviser may invest in funds managed by its affiliates. These affiliated investment advisers include Bear Stearns Asset Management Inc., Gavea Investimentos Ltda., Highbridge Capital Management LLC, JF International Management Inc., J.P. Morgan Alternative Asset Management Inc., JPMorgan Asset Management (UK) Limited, and Security Capital Research & Management Inc. In order to avoid conflicts of interest in such scenarios, the Adviser generally does not charge dual level fees as described in [Item 5.E](#). Additional conflicts are addressed in [Item 11B](#).

Participating Affiliates

JPMIM may engage foreign affiliated advisers, including advisers that are not registered as investment advisers with the SEC (a "participating affiliate arrangement"), to provide advice or research to JPMIM for use with its U.S. clients. In a participating affiliate arrangement, a single entity (e.g. JPMIM) registers with the SEC, and its affiliates, which are unregistered foreign advisers, offer investment services to U.S. clients. The participating affiliate advisers must be staffed with personnel (whether physically located in the U.S. or abroad) who are capable of providing investment advice. The participating affiliates act in accordance with a series of SEC no-action letters requiring that participating affiliates remain subject to the regulatory supervision of both JPMIM and the SEC. JPMIM has or intends to have advisory or sub-advisory relationships with affiliates, including participating affiliate relationships, with the Participating Affiliates. JPMorgan Asset Management (Japan) Limited, JPMorgan Funds (Asia) Limited, JF Asset Management Limited and JPMorgan Asset Management (Singapore) Limited are participating affiliates of JPMIM. They are not registered as investment advisers under the Advisers Act; however, JPMIM and the participating affiliates comply with the conditions of the SEC no-action letters.



Insurance Companies

The Adviser acts as adviser, sub-adviser, and/or as marketing agent for a series of unit-linked pooled funds of JPMorgan Life Limited, a United Kingdom insurance company.

Pricing and Trading Platforms

PricingDirect Inc. ("PricingDirect") is an approved pricing vendor and an affiliate of the Adviser. PricingDirect is used as a primary pricing source for emerging market debt securities or secondary pricing source for certain over-the-counter ("OTC") derivatives and fixed income securities. PricingDirect has an evaluation methodology for certain fixed income securities and OTC derivatives that is widely relied upon within the industry.

Markit Group Ltd. ("Markit") is also an approved pricing vendor and an affiliate of the Adviser. Markit is used as a primary pricing source for bank loans and certain OTC derivatives. Markit is a recognized industry provider of independent valuations.

Valuations received by the Adviser from these affiliated pricing services are the same as those provided to other affiliated and unaffiliated entities.

The Adviser utilizes established controls to oversee all pricing services, including those provided by affiliated and unaffiliated entities. Controls include, but are not limited to, ongoing and routine due diligence reviews of prices received from affiliated and unaffiliated sources.

JPMC and its affiliates own interests in electronic communication networks and alternative trading systems (collectively "ECNs"), although these interests are not significant enough to cause the ECNs to be designated an affiliate of the Adviser. The Adviser may, from time to time, execute client trades through ECNs in which JPMC and its affiliates may hold an interest. In such cases, an affiliate may be indirectly compensated proportionate to its ownership interest. However, the Adviser will only execute a trade through an ECN that is a related person where the Adviser reasonably believes it to be in the best interests of clients and the requirements of applicable law have been satisfied. In addition, the Adviser may execute foreign currency transactions using ECNs in which an affiliate may have an equity interest. As discussed in further detail in [Item 12](#), the Adviser strives to ensure that transactions with affiliates and related persons are subject to the Adviser's duty of achieving best execution for its clients.

Affiliated Index Provider

The Adviser may, from time to time, assist unaffiliated entities in creating indexes which certain of the exchange-traded funds that the Adviser advises (the ETFs) track. In addition, the Adviser or one of its affiliates may create indexes that the ETFs may track.

**D. Material Conflicts of Interest Relating to Other Investment Advisers**

JPMIM uses the advisory services of unaffiliated investment advisers for certain accounts, including JPMorgan Funds. However, as described in [Item 5.E](#), JPMIM does not receive compensation from the unaffiliated investment advisers for retaining their services. Where an unaffiliated investment adviser provides sub-advisory services, the unaffiliated adviser is paid a portion of the advisory fees JPMIM receives from the client. Therefore, JPMIM clients do not incur additional fees as a result of these relationships. Lastly, JPMIM does not seek to have business relationships with other investment advisers

that create a material conflict of interest. See [Item 10.C](#) for a discussion of relationships that JPMIM has with other investment advisers that are subsidiaries of JPMC.

---

## ITEM 11

### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

#### A. Code of Ethics

JPMIM and its registered investment advisory affiliates have adopted the JPMAM Code of Ethics (the "Code of Ethics") pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics is designed to ensure that JPMIM employees comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code of Ethics imposes certain restrictions on securities transactions in the personal accounts of covered persons to help avoid conflicts of interest, as described more fully below. A copy of the Code of Ethics is available free of charge to any client upon request by contacting your client service representative or financial adviser.

Additionally, all JPMIM employees are subject to the JPMC firm-wide policies and procedures found in the JPMC Code of Conduct (the "Code of Conduct"). The Code of Conduct sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. All JPMC employees, including JPMIM employees, are required to comply with the Code of Conduct's terms as a condition of continued employment.

#### Code of Ethics

The Code of Ethics requires JPMAM's employees and other supervised persons to place the interests of JPMAM clients before their own personal interests at all times and to avoid any actual or potential conflicts of interest. All actual or potential conflicts of interest must be disclosed to the JPMAM Compliance Department, including those resulting from an employee's business or personal relationships with customers, suppliers, business associates, competitors of JPMC, or with other JPMC employees. Certain transactions or activities may be restricted by the Code of Conduct, the Code of Ethics or Compliance policies. The Code of Ethics contains policies and procedures relating to:

- Personal trading, including reporting and pre-clearance requirements for all employees of the Adviser
- Confidentiality obligations to clients and compliance and training with respect to securities laws, privacy, the Bank Secrecy Act, anti-money laundering and related matters
- Conflicts of interest, including policies relating to restrictions on trading in securities of clients and suppliers, gifts and entertainment, political and charitable contributions and outside business activities

In general, the personal trading rules under the Code of Ethics require that accounts of employees and associated persons be maintained with a designated broker and that all trades in reportable securities for such accounts be pre-cleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. Employees of the Adviser

must obtain approval prior to engaging in all covered security transactions, including those issued in private placements. In addition, employees of the Adviser may not be permitted to buy or sell securities issued by JPMC during certain periods throughout the year. Certain "Access Persons" (defined as persons with access to non-public information regarding the Adviser's recommendations to clients, purchases, or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security or similar instrument five business days before and after a client or fund managed by that Access Person transacts in that security or similar instrument. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

#### Information Barrier Policies

JPMC is a global financial services firm that provides a variety of services for, and advice to, many types of clients. Accordingly, some divisions of JPMC, such as investment banking and the Adviser's private equity business, routinely have access to confidential information, which may include material, non-public information, (i.e., "inside information"). In order to prevent the flow of inside information from a so-called "insider" area (e.g., investment banking business) to a "public" area of JPMC (e.g., JPMIM), JPMC has established informational barriers that seek to prohibit anyone in an insider area from communicating or distributing any non-public information, to anyone in a public area.

Employees in insider areas are generally physically separated from employees in public areas. Furthermore, the Adviser safeguards investment research and analysis on which its investment decisions are based to prevent "front running" (i.e., the misuse of such information prior to the execution of a trade on behalf of clients). However, subject to certain constraints, employees of the Adviser generally may discuss "best practices" or topics of a general, non-confidential nature with other employees of the Adviser and other parts of JPMC.

From time to time, the Adviser and its employees may acquire inside information from non-JPMC sources. Pursuant to JPMC's information sharing and insider trading policies, when such information is obtained, the Adviser and its employees are prohibited from using the information to buy or sell securities until the information has been disclosed to the public or is no longer deemed material.

Under certain circumstances, the Adviser may conclude that transactions in a particular security need to be restricted and therefore, the security may be placed on a "restricted list" and/or "banned list". While the security is on the restricted list and/or banned list, the Adviser may prohibit purchases, sales or all transactions in the security. The reasons for placing a security on the restricted list and/or banned list include, but are not limited to: (i) preventing the Adviser from exceeding regulatory investment limitations with respect to the securities of companies in certain regulated industries, such as insurance companies and public utilities; (ii) avoiding a concentration in any particular security; (iii) buttressing an information barrier by preventing the appearance of impropriety in connection with trading decisions or recommendations; and (iv) preventing the use or appearance of the use of inside information

#### **B. Securities in which the Adviser or a Related Person has a Material Financial Interest**

The Adviser may recommend, purchase, or sell securities for client accounts in which it, or related persons, has a financial interest. The Adviser's related persons may issue recommendations on securities held by the Adviser's client portfolios that may be contrary to investment activities of the Adviser. Additionally, employees of the Adviser or its related persons may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees or related persons of the

Adviser who maintain private equity interests may hold the same or similar interest as client portfolios. The Adviser has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

When permitted by applicable law and the Adviser's policy, the Adviser, acting on behalf of its advisory accounts, may enter into transactions in securities and other instruments with or through JPMC and its affiliates and related persons, and may cause accounts to engage in principal transactions, cross transactions, and agency cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit the Adviser's decision to engage in these transactions for accounts. Principal and agency transactions create the potential for advisers to engage in self-dealing. When an adviser engages in an agency transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the adviser's conflict of interest. The Adviser has developed policies and procedures which address such conflicts of interest and any principal, cross or agency cross transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

#### Principal Transactions

In a "principal transaction," the Adviser, acting on behalf its advisory accounts, buys a security from, or sells a security to, the account of a client via the Adviser's own account without using a brokerage firm to facilitate the trade. The Adviser may, from time to time, and subject to applicable laws and internal policy, engage in a principal transaction with a client if the Adviser reasonably believes that the transaction will be in the best interests of the client. Section 206(3) of the Adviser's Act requires that the Adviser obtain consent prior to entering into a principal transaction with a client. Accordingly, the Adviser will notify the client that the trade will be conducted on a principal basis with the Adviser or a related person and obtain the client's consent prior to the completion of the transaction. Before entering into a principal transaction with the Adviser or a related person, the Adviser will attempt to obtain competitive quotes from non-related persons that the Adviser reasonably believes are in a position to quote favorable prices for the transaction.

If permitted in writing and in the client's best interest, the Adviser or its related persons may on occasion, lend securities held in a client's account to a related person, subject to applicable law and the disclosure and consent policies described above.

#### Cross and Agency Cross Transactions

A "cross transaction" occurs when the Adviser arranges a transaction between different advisory clients where they buy and sell securities or other instruments from each other. For example, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, the Adviser may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred, no part of which will be received by the Adviser). No such transactions will be effected unless the Adviser determines that the transaction is in the best interest of each client account and permitted by applicable law. Where a registered investment company participates in a cross trade, the Adviser will comply with procedures adopted pursuant to Rule 17a-7 under the 1940 Act and related regulatory authority.

An "agency cross transaction" occurs if JPMC or an affiliate acts as broker for, and receives a commission from, a client account of the Adviser on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by the Adviser's client account. If permitted in writing by a client, from time to time the Adviser may effect client transactions on an agency basis in securities, futures and options through affiliated broker-dealers when, in the Adviser's judgment, the transactions are consistent with its duty of best execution. As aforementioned, the Adviser's affiliate may be entitled to receive a commission for effecting such transactions. These transactions may be effected through affiliated firms even though the total commission for the transaction may exceed the commission charged by another unaffiliated firm for the same transaction.

#### Trading Practices and Research

The Adviser's related persons may provide futures execution and/or clearing services for a fee. For certain institutional accounts, the Adviser or a related person may execute client-directed orders through a related person on an agency basis. In these cases, the Adviser or related person acts in a fiduciary capacity and the other related person will receive normal consideration for services rendered. Please see [Item 12.A.3](#) for additional information regarding conflicts of interest associated with directed brokerage.

#### Potential Conflicts Related to JPMIM's Activities

The Adviser may invest in direct private equity offerings which involve an advisory affiliate and/or related person who are participants in the offering. Although clients of the Adviser may participate in the same offering at the same purchase price as the Adviser, advisory affiliates and/or related persons may sell prior to, and at a higher price than the Adviser's clients. Similarly, the Adviser may participate in such offerings at a higher price than advisory affiliates and/or related persons that may already hold an equity position in the issuer. Such investments may provide a return of capital for an existing investment by a related person. In order to address potential conflicts of interest arising from such activities, the Adviser has created a process for direct investing which includes a requirement to pre-clear direct investments with the Conflicts Office. The Conflicts Office was established by JPMC to review business activities in order to avoid or manage any actual or perceived conflicts of interests and/or reputational risks. The Conflicts office works closely with JPMAM Legal, Compliance and senior business heads to address any such conflicts.

In the ordinary course of business, and subject to compliance with applicable regulations, the Adviser or related persons may provide the initial funding necessary to establish new funds for the purpose of developing new investment strategies and products. These "seeded" funds may be in the form of registered investment companies, private funds such as partnerships, limited liability companies or separate accounts and may invest in the same securities as other client accounts. The Adviser expects that such investments will be redeemed from time to time as permitted by the governing documentation of such funds and applicable regulations. From time to time, the Adviser may use derivatives to hedge all or a portion of these seed capital investments. As a result of the infusion of seed capital from the Adviser or related person, the manager may be precluded from buying or selling certain securities, including, but not limited to, IPOs. These funds and accounts may, and frequently do, invest in the same securities as client accounts. The Adviser's policy is to treat such accounts in the same manner as client accounts for purposes of trading allocation.

The Adviser or related person may, from time to time, make a proprietary investment in U.S. or non-U.S. pooled investment vehicles that may also include client assets managed by the Adviser or another

unaffiliated entity. As a result of such investment, the Adviser may receive representation on the pooled investment's board of directors, advisory committee or another similar group, and may participate in general operating activities. Additionally, the Adviser's employees may invest in accounts managed by the Adviser they may benefit from the investment performance of those funds and accounts. In order to manage conflicts of interest that arise in connection with such activities, the Adviser requires all employees to report their participation on the board of directors, advisory committee or other similar committees to the JPMC corporate secretary and the JPMAM Compliance Department. The JPMAM Compliance Department is responsible for monitoring the activities of employees holding such positions for compliance with JPMIM policies.

The Volcker Rule may prohibit or limit the ability of the Adviser and its affiliates to engage in certain of these activities in the future. Among other things, the Volcker Rule generally prohibits pooled investment vehicles from engaging in transactions that would cause a banking entity or its affiliates to have credit exposure to a pooled investment vehicle managed by its affiliates that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect accounts that are, or are invested in, pooled investment vehicles, because the restrictions could limit a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from the Adviser.

If permitted by a client's investment objectives, and subject to compliance with applicable law, regulations and exemptions, the Adviser may purchase securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer affiliate of the Adviser acts as a manager, co-manager, underwriter or placement agent. The Adviser's affiliate may receive a benefit in the form of management, underwriting or other fees. Affiliates of the Adviser may also act in other capacities in such offerings and the affiliate may receive a fee, compensation, or other benefit for such services.

From time to time, JPMIM or its affiliates may engage in transactions that may be deemed investments in an affiliate. For example, JPMIM may purchase on behalf of its clients securities offered by a company in which JPMIM is a current investor, or in which an employee and/or an affiliate of JPMIM may serve as a director, officer or in another similar capacity. Depending on the percentage of the issuer company's securities held by JPMIM, and the type of investment vehicle holding the securities, JPMIM or its affiliate may become an affiliate of the issuer company. Such transactions may cause JPMIM or its affiliates to receive a direct or indirect benefit (e.g., JPMIM may receive advisory fees on the portion of client holdings invested in such affiliated issuers).

Purchases involving affiliated broker-dealers, or other affiliates of the Adviser, must comply with the Advisers Act, the 1940 Act, any other applicable laws (such as ERISA with respect to employee benefit plan clients), and any prohibited transaction exemptions.

In addition, the Adviser may, subject to applicable law, participate in structured fixed income offerings of securities in which a related person acting on behalf of an issuer serves as trustee, depositor, originator, service agent or other service provider, and receives fees for such service. The related person may act as the originator of loans or receivables for the structured fixed income offerings in which the Adviser may invest for clients. Participation in such offerings may directly or indirectly relieve obligations of a related person.

From time to time and subject to applicable law, the Adviser may invest in fixed income or equity instruments or other securities that represent a direct or indirect interest in securities of JPMC or its



affiliates, including JPMC stock. The Adviser will receive advisory fees on the portion of client holdings invested in such instruments or other securities and may be entitled to vote or otherwise exercise rights and take actions with respect to such instruments or other securities on behalf of its clients. Generally, such activity occurs when a client account includes an index or enhanced index strategy that targets the returns of certain indices in which JPMC securities are a key component. The Adviser has implemented certain guidelines for rebalancing a client's portfolio when it involves the purchase or sale of the securities of the Adviser or one of its affiliates and minimizes the level of investment in securities of the Adviser and its affiliates. In addition, the Adviser utilizes a third party proxy voting firm to vote shares of the securities of the Adviser or one of its affiliates that are held in a client account.

When permitted by applicable law and a client's investment guidelines, and when considered by the Adviser to be in the client's best interest, the Adviser may invest the assets of the client in various collective investment vehicles and other securities investment vehicles with respect to which the Adviser or its affiliates may receive compensation for advisory, administration, trust or other services. When required by law, client consent will be obtained with respect to these investments. Also, the Adviser may waive its investment advisory fee with respect to assets invested in the fund or investment vehicle.

As part of a global financial services firm, the Adviser may be precluded from effecting or recommending transactions in certain client portfolios as a result of applicable law and/or other conflicts of interest. As a result, client portfolios managed by the Adviser may be precluded from acquiring, or disposing of, certain securities or instruments from time to time. This includes, but is not limited to, the securities issued by JPMC. However, with respect to voting proxies on behalf of the Adviser's clients, the Adviser, as a fiduciary, will vote proxies independently and in the best interests of its clients, as described in [Item 17](#).

#### **C. Investing in Securities that the Adviser or a Related Person Recommends to Clients**

The Adviser or one of its related persons may, for its own account, buy or sell securities or other instruments that the Adviser has recommended to clients or purchased or sold for its clients. The Adviser has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities. For additional information regarding such informational barriers, policies and safeguards, please see [Item 11.A](#).

#### **D. Conflicts of Interest Created by Contemporaneous Trading**

The Adviser and its related persons may recommend securities to clients that the Adviser and its related persons may also purchase or sell. As a result, positions taken by the Adviser and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of the Adviser. As these situations may involve potential conflicts of interest, the Adviser has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, the Adviser has implemented monitoring systems designed to ensure compliance with these policies and procedures.

The Adviser and/or its affiliates (“JPMorgan Chase”) perform investment services, including rendering investment advice, to varied clients. The Adviser, JPMorgan Chase, and its directors, officers, agents, and/or employees may render similar or differing investment advisory services to clients and may give advice or exercise investment responsibility and take such other action with respect to any of its other clients that differs from the advice given or the timing or nature of action taken with respect to another client or group of clients. This may include, for example, implementing on behalf of an investor in an investment fund via a separately managed account, a hedge or collar on such investment fund’s returns. It is the Adviser’s policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of the Adviser’s other client accounts may at any time hold, acquire, increase, decrease, dispose, or otherwise deal with positions in investments in which another client account may have an interest from time-to-time.

The Adviser, JPMorgan Chase, and any of its or their directors, partners, officers, agents or employees, may also buy, sell, or trade securities for their own accounts or the proprietary accounts of the Adviser and/or JPMorgan Chase. The Adviser and/or JPMorgan Chase, within their discretion, may make different investment decisions and other actions with respect to their own proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, the Adviser is not required to purchase or sell for any client account securities that it, JPMorgan Chase, and any of its or their employees, principals, or agents may purchase or sell for their own accounts or the proprietary accounts of the Adviser, or JPMorgan Chase or its clients.

Responsibility for managing the Adviser’s client portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same or similar objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes, industry and sector exposures tend to be similar across similar portfolios, which may reduce the potential for conflicts of interest. Nonetheless, conflicts of interest may potentially arise when the Adviser’s portfolio managers manage accounts with similar investment objectives and strategies. For example, a potential conflict of interest includes the allocation of investment opportunities for similar accounts. JPMIM has controls in place to monitor and mitigate against these potential conflicts of interest.

Potential conflicts of interest may arise involving the allocation of securities transactions and allocation of limited investment opportunities, particularly for accounts that allow for the use of leverage. In certain instances, the same portfolio managers may manage accounts with less restrictive investment guidelines that allow for the use of leverage compared with accounts with more restrictive guidelines that only allow a limited use of leverage. In these accounts, the portfolio manager generally will allocate securities based on the account’s market value inclusive of the desired leverage, which may give rise to a potential conflict of interest as the account with a greater market value may receive a higher pro rata allocation of securities.

Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability (as is frequently the case in new issue offerings), could raise a potential conflict of interest because the Adviser may have an incentive to allocate such securities to favored accounts. For example, the Adviser may receive more compensation from one account than it does from a similar account or may receive compensation based in part on the performance of one account, but not a similar account, which could incentivize the Adviser to allocate opportunities of limited availability to the account that generates more compensation for the Adviser. In addition, it may be perceived as a conflict of interest when activity in one account closely correlates with the activity in a similar account, such as when a purchase by one



account increases the value of the same securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If the Adviser manages accounts that engage in short sales of securities in which similar accounts invest, the Adviser could be seen as harming the performance of one account for the benefit of the account engaging in short sales if the short sales cause the market value of the securities to fall.

The Adviser has established policies and procedures designed to manage the conflicts described above. The Adviser has allocation and order aggregation practices in place designed to achieve fair and equitable allocation and execution of investment opportunities among its client accounts over time and these practices are designed to comply with securities laws and other applicable regulations. See [Item 12.B](#) for a description of these practices. The Adviser monitors a variety of areas, including compliance with account guidelines, IPO and new issue allocation decisions, compliance with the Code of Ethics, and any material discrepancies in the performance of similar accounts.

From time to time, the Adviser may have clients who, through the normal course of the investment process, own different classes of securities by the same issuer. Consequently, in the event of default or bankruptcy by the issuer, the Adviser may be involved in negotiations on behalf of holders of different classes of securities. As such, the Adviser will continue to act in the best interest of its clients, irrespective of the clients' holdings and ability to recoup the value of their original investment.

The Adviser utilizes the services of affiliated pricing vendors for assistance with the pricing of certain securities. For additional information regarding affiliated pricing vendors see [Item 10.C](#). In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

- A significant event that affects the value of a security;
- Illiquid securities;
- Securities that have defaulted or are de-listed from an exchange and are no longer trading; or
- Any other circumstance in which it is determined that market quotations do not accurately reflect the value of the security.

---

## ITEM 12

### Brokerage Practices

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

The Adviser selects brokers for the execution of transactions for client accounts in accordance with its best execution policies and procedures. In making a decision about best execution, the Adviser considers a number of factors including, but not limited to, the:

- Price per unit of the security;

- Broker's execution capabilities;
- Commissions charged;
- Broker's reliability for prompt, accurate confirmations and on-time delivery of securities;
- Broker-dealer firm's financial condition;
- Broker's ability to provide access to public offerings; and
- Quality of research services provided.

The Adviser is responsible for determining that the level of commission paid for each trade is reasonable in light of the executions received. Commissions on brokerage transactions may be subject to negotiation. Negotiated commissions take into account the difficulty involved in execution, the extent of the broker's commitment of its own capital (if any), the amount of capital involved in the transaction, and any other services offered by the broker.

One part of obtaining best execution is minimizing counterparty risk. The Adviser's Risk Management Department is responsible for:

- Setting risk policies and procedures worldwide;
- Monitoring implementation of these policies and procedures;
- Reviewing and approving all proposed trading counterparties;

In an effort to monitor and minimize counterparty risk, the Risk Management Department communicates the list of approved counterparties to the trading desks globally and relies heavily on proprietary research performed by the Adviser's global team of credit and research analysts to make its counterparty assessments. Monitoring credit exposures is an ongoing responsibility and the Adviser adjusts limitations on exposure to counterparties as circumstances change.

For wrap fee program accounts, the Adviser may have discretion to select brokers or dealers other than the wrap fee Program Sponsor or its affiliates when necessary to fulfill its duty to seek to achieve best execution of transactions for its clients' accounts. However, brokerage commissions and other charges for transactions not effected through the Program Sponsor or its affiliates may be charged to the client in addition to the "bundled" fee being paid by the client. The Adviser is not in a position to negotiate commission rates with the wrap fee Program Sponsor or its affiliates on behalf of its separately managed account clients and has limited ability to monitor or evaluate the trade execution quality or influence the nature and quality of the services that such clients obtain from the wrap fee Program Sponsor or its affiliates.

#### **1. Research and Other Soft Dollar Benefits**

As noted in [Item 12.A.](#) above, the Adviser's primary objective in broker-dealer selection is to comply with its duty to obtain best execution of orders for clients. Best execution does not necessarily mean the lowest commission, but instead involves consideration of a number of factors (listed above).

One important factor is the quality and availability of useful research, execution-related products, and other services that a broker may provide in connection with executing trades. The Adviser may pay the broker-dealer with “soft” or commission dollars in exchange for access to statistical information and research, which is offered without any commitment to engage in any specific business or transaction.

With respect to fixed income transactions, the Adviser does not have any soft dollar arrangements with broker-dealers and does not direct client trades to particular broker-dealers in exchange for research or other soft dollar benefits. With respect to effecting brokerage transactions for client investments in U.S. equity securities, the Adviser utilizes client commission arrangements (“CCAs”) whereby the Adviser’s trading partners agree to allocate a portion of eligible commissions into a pool that can be used to pay for research from providers that the Adviser does not have a brokerage relationship with. CCAs provide the Adviser’s traders maximum flexibility in accessing liquidity at the lowest total cost of implementation. Most often the research obtained with CCA credits is third party research (i.e. research not produced by the executing broker). However, the Adviser may allocate a portion of the CCA credits to the value that it assigns to the executing broker’s proprietary research, where the broker does not assign a hard dollar value to the research it provides, but rather bundles the cost of such research into the commission structure. Clients that do not participate in the soft dollar program pay the same commission rate as all other accounts, however no portion of their commissions are credited to the CCA pool at the executing broker-dealer.

When the Adviser uses client brokerage commissions to obtain research or other services, the Adviser receives a benefit because it does not have to produce or pay for the research, products or services itself. As a result, the Adviser may have an incentive to select a particular broker-dealer in order to obtain the research, products or other services from that broker-dealer, rather than to obtain the lowest price for execution. However, the Adviser’s practice is to establish CCAs only with those broker-dealers with whom it has established strong trading relationships, with whom it has negotiated favorable terms, and who have demonstrated a commitment to providing best execution. The Adviser believes such arrangements are useful in its investment decision-making process by, among other things, ensuring access to a variety of high quality research, individual analysts, and resources that the Adviser might not otherwise be provided absent such arrangements.

Under the Adviser’s soft dollar policy, the services obtained must fall within the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a safe harbor that protects a money manager from liability for a breach of fiduciary duty solely because it pays more than the lowest available commission rate. Section 28(e) requires that the research services obtained with client brokerage commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is reasonable in relation to the value of the products or services provided by the broker-dealer.

As a result, while the Adviser generally seeks the most favorable price in placing its orders, an account may not always pay the lowest price available, but generally orders are executed within a competitive range. The Adviser may select brokers who charge a higher commission than other brokers, if the Adviser determines in good faith that the commission is reasonable in relation to the brokerage and research services the broker provides. Additionally, while adhering to its duties of good faith and best execution, the Adviser’s equity group regularly reviews the soft dollar benefits it receives from each of its broker-dealers and establishes a target amount to spend on services from each broker-dealer.

The type of research services that the Adviser receives with client brokerage commissions include:

- Research as to the value of securities
- The advisability of investing in, purchasing, or selling securities
- The availability of securities or purchasers or sellers of securities
- Analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts

Research services are received electronically and also in the form of seminars, written reports, telephone contacts, and personal meetings with sell-side security analysts, economists and senior issuer representatives.

The brokerage services the Adviser receives include not only the execution of trades but also incidental functions that may include post-trade matching, exchange of messages among broker-dealers, custodians and institutions, and routing settlement instructions to custodian banks and broker-dealers' clearing agents.

The research obtained via soft dollars is used to benefit all of the Adviser's clients, not only for the client accounts that generated the credits. Additionally, the research is not allocated to client accounts proportionately to the credits the accounts generate. Also, the Adviser may share research reports, including those that have been obtained as soft dollar benefits, with advisory affiliates and related persons, including offshore affiliated advisers.

With respect to pension plan clients subject to ERISA, soft dollar benefits received by the Adviser constitute "indirect compensation" under the ERISA Section 408(b)(2) regulations. The amount of the soft dollar benefits, if any, that are obtained in connection with the plan's account cannot be estimated in advance as it is dependent on the number of transactions effected and the executing brokers used. If applicable, soft dollar amounts will be disclosed to the plan each year for purposes of Form 5500 Schedule C reporting.

## **2. Brokerage for Client Referrals**

The Adviser does not select broker-dealers in order to receive client referrals. The factors used by the Adviser in selecting broker-dealers in order to execute trades are described in [Item 12.A](#).

## **3. Directed Brokerage**

The Adviser does not recommend, request or require that clients direct transactions through a specified broker-dealer. Under certain conditions, the Adviser may accept written direction from a client, including those participating in wrap fee programs, to direct brokerage commissions from that client's account to specific brokers in return for services provided by the brokers to the client. Due to the Adviser's overall objective of effecting client transactions consistent with its duty of best execution, the Adviser generally will accept direction only with respect to a limited percentage of certain clients' overall trades on a "best efforts" basis and potentially sacrifice best execution. Consequently, the Adviser generally will not enter client orders with a directed broker when a pending order with a different broker in the same security is the broker providing best execution.

Certain fixed income accounts may experience sequencing delays in order to meet client directed brokerage requests which may impact the Adviser's ability to achieve best execution on behalf of such clients. For fixed income clients who have requested directed brokerage, the clients may lose certain benefits, such as volume discounts that the Adviser may have obtained for its non-directed accounts in a combined order.

## **B. Order Aggregation**

The Adviser may aggregate purchase or sale orders of the same security for multiple client accounts so that orders can be executed at the same time. The Adviser will aggregate orders for accounts over which it has investment discretion and in circumstances in which the Adviser believes that aggregating will result in a more favorable overall execution. The Adviser will allocate such orders at the average price of the aggregated order, except in instances where it is impractical or inappropriate. The Adviser may, pursuant to an allocation process that the Adviser, in good faith, considers to be fair and equitable to all clients over time, aggregate a client's trades with trades of other clients and with trades of pooled vehicles in which the Adviser's personnel have a beneficial interest. Depending on the region, there may be market-driven circumstances in which a portfolio manager may execute a trade prior to determining the initial allocation. In these instances, allocations must be completed on trade date.

The Adviser has practices in place that are designed to promote fair and equitable allocation and execution of investment opportunities among its client accounts over time and that are designed to comply with the securities laws and other applicable regulations. In general, orders involving the same investment opportunity are aggregated on a continual basis throughout each trading day, consistent with the Adviser's duty of best execution for its clients. Transactions for wrap fee program accounts are generally not included in the aggregation process because those transactions are typically executed through a broker-dealer selected by the wrap fee Program Sponsor. If aggregated trades are fully executed, participating accounts will be allocated their requested allotment on an average price basis.

In some instances, trading restrictions imposed by client guidelines may preclude the aggregation of trades, in which case, the aggregated trades will be executed in advance of the trade for the client account that is precluded. With regard to equity securities, including public offerings that receive substantial interest and are frequently oversubscribed, partially completed orders generally will be allocated among participating accounts on a pro-rata average price basis, subject to certain limited exceptions in the U.S. One such exception provides that if an allocation results in a de minimis allocation relative to the size of the account or its investment strategy, the allocation may be reallocated to other participating accounts. With respect to certain asset classes (e.g., cash and fixed income) and in certain other circumstances (e.g., participating accounts that have a dedicated, specialized investment strategy such as small cap, high yield or emerging markets) there may be an exception to pro-rata allocations and certain securities included in the investment mandate may be given priority in the allocation process. Non-pro-rata allocations for money market instruments and fixed income securities are based upon a disciplined process for allocating securities with similar duration, credit quality, risk/return profiles and liquidity so that fair and equitable allocation will occur over time in the good faith judgment of the Adviser.

The similarity of guidelines and objectives for many accounts in combination with thin markets, price volatility, or lack of liquidity in the market may require that a block order be filled in multiple executions extending over several days. To promote fair and equitable allocation over time, typically each account is allocated shares on a pro-rata basis to their original order. In certain circumstances, the pro-rata distribution of the order may not be appropriate, such as when it would result in a client receiving an

allocation that is too small to justify the fixed transaction costs and custody costs associated with being included in the transaction. In these circumstances, the traders may exclude small orders until such time as 50% of the total order is complete. At this stage, the small orders will be executed. Under this process, smaller orders will lag in the early part of the order but will be 100% filled before the completion of the total order. In certain circumstances, the trader may override the individual amounts which would be automatically allocated to each account. Examples of these are where a limit order applies, or to avoid a mismatch with a contingent trade. The Adviser's policy regarding securities allocations requires portfolio managers to use reasonable judgment consistent with fiduciary duties to clients in making any non-pro-rata allocations that are in the best interest of the affected clients. Reasons for non-pro rata allocations must be documented.

The Adviser may coordinate portfolio management or trading activities among its clients and certain clients of JPMCB, affiliated investment advisers and related persons that utilize the Adviser's trading desk. These activities will be executed through the Adviser's appropriate trading desk generally in accordance with the Adviser's trading policies and procedures. These procedures cover best execution, aggregation of orders, trade allocations, new issues, cross trading, directed brokerage and soft dollar activities. Indications of interest for new issues will be aggregated for clients of the Adviser and certain clients of JPMCB, affiliated investment advisers and related persons, and will be allocated in a manner that is intended to be fair and equitable in accordance with the Adviser's allocation policy. As a result, the Adviser's clients may receive a smaller allotment of securities, including fewer shares of a new issue, where there is participation by clients of JPMCB, affiliated investment advisers and related persons in such securities.

From time to time, the Adviser may execute various trading strategies for certain clients simultaneously with the trading activities of other clients (including certain clients of JPMCB, affiliated investment advisers and related persons); for example, buying versus selling the same security. Or, these trading strategies may involve separating orders of the same security which would otherwise be executed on an aggregated basis. In order to minimize potential execution costs arising from the market impact of trading the same securities outside of the Adviser's trading desk, the Adviser may implement trade order volume controls. This is typically performed for clients' related persons who receive the Adviser's research information. Similar controls have been implemented for the Adviser's and advisory affiliates' wrap fee program accounts that participate in simultaneous trading activity of the same security. Wrap fee program account orders in the same security with the trading activities as the trade orders for institutional and other clients are typically executed simultaneously with such orders while observing the previously mentioned order volume controls. In the course of monitoring the above-noted trading activities, the Adviser attempts to objectively ensure that all clients, as well as certain clients of JPMCB, affiliated investment advisers and related persons, are treated fair and equitably over time.

Wrap advisory accounts, as with other client mandates, may experience sequencing delays and costs associated with negative market movement. The Adviser will attempt to minimize such delays and costs and not systematically favor one mandate over another. Further, with respect to its traditional and unbundled wrap fee program accounts, the Adviser has established a mechanism for creating a trade rotation on a random basis among such accounts which determines the order of transmission of trade instructions to each sponsor. The mechanism is designed to ensure that no one group of wrap fee accounts receives preferential treatment as a result of the timing of the receipt of its trade execution instructions. Due to the nature of the rotation and possible simultaneous orders on the trading desk, in certain instances, the model portfolio sponsors may be moved lower in a particular rotation, while in other instances, they may be moved to the beginning, depending on the results of the rotation. Model portfolio



sponsors are given the model change sequentially as directed by the rotation. Each subsequent model portfolio sponsor is given the model change after the prior model portfolio sponsor has notified us that they have finished. The rotation is utilized in all instances where wrap sponsor orders are not aggregated into a single order and traded away from sponsors, which is a strategy that can be employed when there is a liquidity constraint or a belief that execution could be enhanced by doing so.

---

## ITEM 13

### Review of Accounts

#### **A. Frequency and Nature of Review of Client Accounts or Financial Plans**

The Adviser periodically reviews client accounts utilizing product-specific review processes and supervisory personnel. Accordingly, account review may differ across various product groups in order to more effectively serve clients. The Adviser's portfolio managers are generally responsible for the daily management and review of the accounts under their supervision.

Each product group conducts performance reviews of its portfolio managers' accounts. Such reviews examine compliance with clients' investment objectives and account guidelines, account performance, and the Adviser's current investment processes and practices. An account review is formal in nature and is conducted by a team of portfolio managers and individuals from other appropriate functional areas.

With respect to private equity, the Adviser's investment process emphasizes participation on the advisory boards of the partnership investments and active monitoring (both formal and informal) of investments.

The information in this brochure does not include all the specific review features associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding the Adviser's review process applicable to a particular strategy or investment product, read all product-specific disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their circumstances, investment objectives and financial situation.

#### **B. Factors Prompting Review of Client Accounts Other than a Periodic Review**

In addition to periodic reviews, JPMIM may perform reviews as it deems appropriate or otherwise required. Additional reviews of client accounts may be triggered by client request, compliance monitoring, industry factors, market developments, statutory and regulatory changes and any issues that may have been identified with respect to a client account. Events that trigger reviews of client accounts are generally directed to the attention of the Chief Investment Officer, Chief Operating Officer and/or Investment Director.

#### **C. Content and Frequency of Account Reports to Clients**

The Adviser regularly provides written reports to clients that are tailored to the type of investments included in the client's account. Each of the Adviser's clients receives at least one of the following types of account reports:



- A monthly or quarterly Statement of Assets including a description of each asset with cost and current market values
- A Statement of Transactions (typically monthly), detailing account activity
- Quarterly Performance Reports
- Quarterly and annual audited financial statements which include a portfolio overview, investment vehicle summary and schedule of investments

Clients generally have the option of receiving these reports via postal mail, e-mail, fax or online via a secure client website.

In addition, the Adviser typically meets with each client at least annually to review investment strategy, performance and administrative matters.

With respect to wrap fee program clients, the wrap fee Program Sponsor has primary responsibility for client contact and reporting.

---

## ITEM 14

### Client Referrals and Other Compensation

#### A. Economic Benefits for Providing Services to Clients

In connection with providing investment advisory services to its clients, the Adviser does not receive sales awards, prizes or other economic benefits from someone who is not a client.

The JPMC Code of Conduct does not permit employees to accept anything of value in connection with the business of the firm. Subject to strictly enforced compliance policies, in limited circumstances exceptions may be made for certain nominal non-cash gifts, meals, refreshments and entertainment provided in the course of a host-attended business-related meeting or other occasion.

#### B. Compensation to Non-Supervised Persons for Client Referrals

JPMIM may compensate affiliated and non-affiliated persons for client referrals in accordance with Rule 206(4)-3 under the Advisers Act and applicable state laws and regulations. The compensation paid would generally consist of a cash payment computed as a percentage of JPMIM's advisory fee, although other methods of computation may be used. The costs of any such referral fees are paid entirely by JPMIM and, therefore, do not result in any additional charges to the client.

**ITEM 15****Custody**

JPMIM generally does not maintain physical custody of its clients' assets. Client assets are typically held by a qualified custodian pursuant to a separate custody agreement. However, pursuant to Rule 206(4)-2 under the Advisers Act, in certain circumstances the Adviser may be deemed to have custody of client assets.

JPMIM will be deemed to have custody of client assets when it or an affiliate acts in any capacity that gives JPMIM legal ownership of, or access to, client assets, (e.g. when JPMIM serves as a general partner, managing member, or comparable position for certain unregistered investment pools.) Clients in such private funds will receive the fund's annual audited financial statements. Such clients should review these statements carefully. If clients in the private funds do not receive audited financial statements in a timely manner, then they should contact JPMIM immediately.

JPMIM has certain separately-managed accounts where JPMIM is deemed to have custody of the client's assets because it or a related person directly or indirectly holds client funds or securities or has authority to obtain possession of them. Clients will receive account statements at least quarterly directly from their broker-dealer, bank or other qualified custodian. Separately-managed account clients may also receive a Statement of Assets from JPMIM. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from JPMIM. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, then they should contact JPMIM immediately.

JPMIM may be deemed to have custody of wrap program client's assets if JPMIM contracts directly with the wrap program client for services. In such cases, the Program Sponsor or a qualified custodian will send required periodic account statements to the wrap program client. The wrap program client should carefully review and reconcile the custodian statements to ensure that they reflect appropriate activity in the wrap program account. If clients do not receive periodic accounts statements from their qualified custodian in a timely manner, then they should contact JPMIM immediately.

---

**ITEM 16****Investment Discretion**

As described in [Item 4.B](#), the Adviser provides both discretionary and non-discretionary investment management services. If a client elects for discretionary services of their account, an investment advisory agreement must first be signed before the Adviser may act on behalf of the client. Execution of such agreement authorizes the Adviser to supervise and direct the investment and reinvestment of assets in the client's account on the client's behalf and at the client's risk.

The Adviser's discretionary authority may be limited by the terms of its written agreement with each client. These limitations might include objective and investment guidelines that the client establishes for the

account. For registered investment companies, the Adviser's investment discretion may be limited by certain federal securities laws and tax laws that require diversification of investments and impose other limitations.

---

## ITEM 17

### Voting Client Securities

#### A. Policies and Procedures Relating to Voting Client Securities

##### 1. Objective

If the Adviser has been appointed as a discretionary investment manager, at the time of client onboarding, the client may appoint the Adviser the authority to vote the proxies of the securities held in the client's portfolio. As a fiduciary, the Adviser must act in the best interest of the client with respect to proxy voting activities. To ensure that the proxies are voted in the best interests of its clients and to prevent material conflicts of interest from affecting the manner in which proxies are voted, JPMAM has adopted detailed written proxy voting procedures ("Procedures") pursuant to Rule 206(4)-6 of the Advisers Act. These Procedures incorporate detailed guidelines ("Guidelines") which address proxy voting with respect to a wide variety of topics including: shareholder voting rights, anti-takeover defenses, board structure, the election of directors, executive and director compensation, mergers and corporate restructuring and social and environmental issues. The Guidelines have been developed and approved by the relevant Proxy Committee (as defined below) with the objective of encouraging corporate action that enhances shareholder value. However, because proxy proposals and individual company facts and circumstances may vary, the Adviser may occasionally deviate from the Guidelines if it reasonably believes it is in the client's best interest to do so. Clients may obtain a copy of JPMAM's Proxy Voting Procedures and information about how the Adviser voted the client's proxies by contacting their client service representative or financial adviser or by visiting the JPMorgan Funds website.

##### 2. Proxy Administrator and Proxy Committee

To oversee and monitor the proxy-voting process, JPMAM has established a Proxy Committee and appointed a Proxy Administrator in each global location where proxies are voted. The Proxy Administrator oversees the proxy voting process, monitors recommendations from Proxy Services (defined below) and escalates issues to and confirms recommendations with the appropriate investment professionals of the Adviser. Proxy Committee is composed of a representative of the Proxy Administrator, senior business officers of the Adviser and representatives of each of the JPMAM Legal, Compliance and Risk Management Departments. The Proxy Committee meets periodically to review and provide advice on general proxy-voting matters and specific voting issues, as well as to review and approve the Guidelines.

##### 3. The Proxy Voting Process

The Adviser's investment professionals monitor the corporate actions of the companies held in their clients' portfolios to determine how to vote individual proxies in accordance with the Procedures and Guidelines. To assist its investment professionals with proxy voting proposals, the Adviser may retain the

services of a third-party proxy voting service, (the “Proxy Service”). The Adviser will also retain the Proxy Service in situations where a material conflict of interest may exist. For example, the Proxy Service will be used for proxy voting when JPMC securities or shares of JPMorgan Funds are held in a client account. The Proxy Service may assist in the implementation and administration of certain proxy voting-related functions including operational, recordkeeping and reporting services. The Proxy Service also provides the Adviser with comprehensive analysis of proxy proposals as well as recommendations on how to vote each proposal that reflect the Proxy Services application of the Adviser’s Guidelines to particular proxy issues. In situations where the Guidelines are silent or recommend a case-by-case analysis, the Proxy Administrator (defined below) will forward the Proxy Service’s recommendations to the Adviser’s investment professionals who will determine if the recommendations should be accepted.

While it is the Adviser’s policy generally to follow the Guidelines and recommendations from the Proxy Service, the Adviser’s portfolio management teams may on certain proxy votes seek approval to diverge from the Guidelines or recommendations by following an “override” process. To ensure that the proxy vote cast is in the best interest of the Adviser’s clients, such decisions are subject to a review and approval process, including a determination that the decision is not influenced by any conflict of interest.

#### **4. Material Conflicts of Interest and the Safeguard Policy**

In order to maintain the integrity and independence of the Adviser’s investment processes and decisions, including proxy voting decisions, and to protect the Adviser’s decisions from influences that could lead to a vote other than in the clients’ best interests, JPMC (including JPMIM) adopted the Safeguard Policy. The Safeguard Policy established formal informational barriers designed to limit influence and restrict the flow of information, between JPMC’s securities, lending, investment banking and other divisions and the JPMAM investment professionals. Material conflicts of interest are further avoided by voting in accordance with the Adviser’s predetermined Guidelines. Examples of material conflicts of interest that could arise include, without limitation, circumstances in which: (i) management of a JPMIM client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm JPMIM’s relationship with such company and materially impact JPMIM’s business; or (ii) a personal relationship between a JPMIM officer and management of a company or other proponent of a proxy proposal could impact the Adviser’s voting decisions.

Depending on the nature of the conflict of interest, the Adviser may elect to take one or more of the following measures, or other appropriate action:

- Removing certain Adviser personnel from the proxy voting process
- “Walling off” personnel with knowledge of the conflict to ensure that such personnel do not influence the relevant proxy vote
- Voting in accordance with the applicable Guidelines, if any, if the application of the Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or
- Deferring the vote to the Independent Voting Service, if any, that will vote in accordance with its own recommendation

The resolution of all potential and actual material conflict issues will be documented in order to demonstrate that the Adviser acted in the best interests of its clients.

**B. No Authority to Vote Client Securities and Client Receipt of Proxies**

If a client chooses not to delegate proxy voting authority to the Adviser, the right to vote securities is retained by the client or other designated person. In such situations, the client will generally receive proxies or other solicitations directly from the custodian or transfer agent. Clients may contact the Adviser if they have a question on a particular proxy voting matter or solicitation; however, the Adviser will not recommend how to vote where the Adviser does not have authority to do so.

---

**ITEM 18**

**Financial Information**

**A. Balance Sheet**

Pursuant to SEC instructions, the Adviser is not required to include its balance sheet as part of this Brochure.

**B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients**

The Adviser is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

**C. Bankruptcy Filings**

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

## APPENDIX A

## Separate Account Fee Schedules

Fixed IncomeExtended Duration / Long Duration – Investment Grade /

<u>Long Credit</u>	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.25%
Next	\$ 75,000,000	.225%
Next	\$ 150,000,000	.175%
Next	Balance	.15%
Minimum investment: \$100,000,000		

Long Duration Credit

	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.25%
Next	\$ 75,000,000	.225%
Next	\$ 150,000,000	.175%
Next	Balance	.15%
Minimum investment: \$100,000,000		

Long Duration – Plus

	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.30%
Next	\$ 75,000,000	.25%
Next	\$ 150,000,000	.22%
Next	Balance	.15%
Minimum investment: \$100,000,000		

High Quality High Yield /Broad High Yield - Indy

	Assets Under Management	Fee as a % of Assets
First	\$ 100,000,000	.45%
Next	\$ 100,000,000	.35%
Next	\$ 300,000,000	.30%
Next	Balance	.25%
Minimum investment: \$100,000,000		

Taxable Managed / Taxable Liquidity

	Assets Under Management	Fee as a % of Assets
First	\$ 100,000,000	.15%
Next	\$ 100,000,000	.12%
Next	\$ 200,000,000	.10%
Next	\$ 350,000,000	.08%
Next	\$ 250,000,000	.07%
Next	Balance	.06%
Minimum investment: \$100,000,000		

<u>Taxable U.S. Short</u>	Assets Under Management	Flat Assets
Flat	\$ 0 - 99 Million	.15%
Flat	\$ 100-199 million	.12%
Flat	\$ 200-499 million	.10%
Flat	\$ 500-999 million	.08%
Flat	\$ greater than \$1 billion	0.06%
Minimum investment: \$100,000,000		
<u>Intermediate Bond / Core Bond</u>	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.30%
Next	\$ 75,000,000	.25%
Next	\$ 150,000,000	.225%
Next	Balance	.15%
Minimum investment: \$100,000,000		
<i>Above fees may reflect a partially commingled account structure.</i>		
<u>Core Plus Bond</u>	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.35%
Next	\$ 150,000,000	.30%
Next	\$ 150,000,000	.27%
Next	Balance	.20%
Minimum investment: \$200,000,000		
<u>High Yield</u>	Assets Under Management	Fee as a % of Assets
First	\$ 100,000,000	.45%
Next	\$ 100,000,000	.35%
Next	Balance	.30%
Minimum investment: \$100,000,000		
<u>Government Bond</u>	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.25%
Next	\$ 75,000,000	.20%
Next	\$ 100,000,000	.15%
Next	Balance	.10%
Minimum investment: \$100,000,000		
<u>Mid – Inst Portfolio - Intermediate Government</u>	Assets Under Management	Fee as a % of Assets
First	\$ 75,000,000	.30%
Next	\$ 75,000,000	.25%
Next	\$ 150,000,000	.225%
Next	Balance	.15%
Minimum investment: \$25,000,000		



**U.S. Equity**

<u>Emerging Markets Equity Focused</u>	Assets Under Management	Fee as a % of Assets
First	Balance	.85%
Investment minimum: \$100,000,000		
<u>Emerging Markets Equity Discovery</u>	Assets Under Management	Fee as a % of Assets
First	\$ 100,000,000	.85%
Next	Balance	.80%
Investment minimum: \$50,000,000		
<u>Emerging Markets Opportunities</u>	Assets Under Management	Fee as a % of Assets
First	\$ 100,000,000	.85%
Next	Balance	.80%
Investment minimum: \$100,000,000		
<u>U.S. Active Core Equity /</u>		
<u>U.S. Large Cap Value</u>	Assets Under Management	Fee as a % of Assets
First	\$ 25,000,000	.60%
Next	Balance	.40%
Minimum Fee: \$250,000		
<u>U.S. Large Cap 130/30</u>	Assets Under Management	Fee as a % of Assets
First	Balance	.85%
Minimum Fee: \$250,000		
<u>U.S. Active Core Equity</u>	Assets Under Management	Fee as a % of Assets
First	\$ 25,000,000	.50%
Next	Balance	.40%
Minimum Fee: \$250,000		
<u>Large Cap Growth / Intrepid Growth</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.60%
Next	Balance	.50%
Minimum Fee: \$250,000		
<u>U.S. Research Enhanced Index</u>		
<u>(REI 150)</u>	Assets Under Management	Fee as a % of Assets
First	\$ 25,000,000	.35%
Next	Balance	.25%
Minimum Fee: \$250,000		
<u>Research Market Neutral</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	1.00%
Next	\$ 100,000,000	.90%
Next	Balance	.80%
Minimum Fee: \$1,000,000		

<u>U.S. Research 130/30</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.65%
Next	Balance	.60%
Minimum investment: \$50,000,000		

<u>Intrepid Value</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.60%
Next	Balance	.40%
Minimum Fee: \$250,000		

<u>Dynamic 130/30</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.80%
Next	Balance	.70%
Minimum Fee: \$1,000,000		

<u>Mid Cap Value</u>	Assets Under Management	Fee as a % of Assets
First	\$ 25,000,000	.70%
Next	\$ 25,000,000	.60%
Next	Balance	.50%
Minimum Fee: \$250,000		

<u>Small Cap Active /</u>		
<u>Small Cap Active Core</u>	Assets Under Management	Fee as a % of Assets
First	\$ 25,000,000	.90%
Next	Balance	.75%
Minimum Fee: \$250,000		

<u>U.S. QDV Small Cap Core</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.65%
Next	Balance	.55%
Minimum Fee: \$750,000		

<u>U.S. Structured TMV</u>		
<u>Small Cap Value</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.65%
Next	Balance	.45%
Minimum Fee: \$250,000		

<u>All Cap Value</u>	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.70%
Next	Balance	.65%
Minimum Fee: \$250,000		

International EquityEAFE Opportunities / EAFE Plus /International Value /International Growth

	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.75%
Next	\$ 50,000,000	.65%
Next	Balance	.60%
Investment minimum: \$50,000,000		

Global Equity Income /Global Opportunities

	Assets Under Management	Fee as a % of Assets
First	\$ 50,000,000	.60%
Next	\$ 50,000,000	.50%
Next	Balance	.40%
Investment minimum: \$50,000,000		