

FORM ADV, PART 2A
FIRM BROCHURE

J.P. Morgan Private Investments Inc.
Customized Bond Solutions Program
File No. 801-41088

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This brochure provides information about the qualifications and business practices of J.P. Morgan Private Investments Inc. If you have any questions about the contents of this brochure, please contact us at (212) 464-2070. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about J.P. Morgan Private Investments Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

The advisory services described in this brochure are: not insured by the Federal Deposit Insurance Corporation ("FDIC") ; not a deposit or other obligation of, or guaranteed by, JPMorgan Chase Bank, N.A. or any of its affiliates; and subject to investment risks, including possible loss of the principal amount invested.

ITEM 2

Material Changes

This brochure ("Brochure") is dated March 30, 2018 and is the annual update to the prior brochure, dated January 26, 2018, for the Customized Municipal Bond Portfolio ("C-MAP") and Customized Taxable Bond Portfolio ("C-TAX") strategies offered through the Customized Bond Solutions ("C-BoS") program. This Brochure has been materially updated to offer an additional strategy named the Customized Preferreds Portfolio ("C-PREP") strategy, which is also offered through C-BoS. In addition, JPMPI has updated, enhanced or expanded disclosures, in particular in the following areas:

- Item 4 – Advisory Business
 - *C-PREP* - this item has been added as an investment strategy.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
 - *Method of Analysis and Investment Strategies* - this item has been expanded to include a discussion relating to the review and research process.
 - *Material, Significant, or Unusual Risks Relating to Investment Strategies* - this item has been expanded to include additional risks.
- Item 10 - Other Financial Industry Activities and Affiliations
 - *Related Persons* - this item has updated the description of JPMPI's relationships and arrangements with related persons that are material to its advisory business. In addition, certain considerations relating to information held by JPMPI and its affiliates are included.
 - *Material Conflicts of Interest Relating to Other Investment Advisers* - this item has been expanded to include additional information regarding relationships with affiliated advisers.
- Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
 - *Code of Ethics and Information Barriers* - this item has been updated for the Code of Ethics and information barriers.
 - *Participation or Interest in Client Transactions and Other Conflicts of Interest* - this item has been expanded to include additional conflict of interest disclosures.
- Item 12 - Brokerage Practices
 - *Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions* - this item has been updated to reflect JPMPI's best execution policy and trading policy.
 - *Order Aggregation* - this item has been expanded to include trading for the C-PREP strategy.

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ITEM 4
Advisory Business

A. General Description of Advisory Firm

J.P. Morgan Private Investments Inc. ("JPMP"), a Delaware corporation, is a registered investment adviser that acts as a sub-adviser and adviser to open-end and closed-end Registered Investment Companies ("RICs") under the Investment Company Act of 1940, as amended (the "1940 Act"); provides investment advice and/or administrative functions for private investment funds organized as limited partnerships, limited liability companies, or offshore companies ("Private Funds"); and provides discretionary investment management services in various wrap fee programs offered through an affiliate, J.P. Morgan Securities LLC ("JPMS"), including acting as (i) manager of the Customized Municipal Bond Portfolio ("C-MAP"), Customized Taxable Bond Portfolio ("C-TAX"), and Customized Preferreds Portfolio ("C-PREP") strategies offered through JPMS' Customized Bond Solutions ("C-BoS") program, (ii) manager of the Select Advisory Strategies offered through JPMS's Advisory Program ("Advisory Program"), (iii) manager of the Focused Dividend Growth ("FDG") and Focused Tactical Equity ("FTE") strategies offered through JPMS' Strategic Investment Services ("STRATIS") program, (iv) sub-adviser to JPMS' J.P. Morgan Core Advisory Portfolio ("JPMCAP") program, Chase Strategic Portfolio ("CSP") program, and Mutual Fund Advisory Portfolio ("MFAP") program, and the J.P. Morgan Digital Investing program (the "JPMDI"). In addition, JPMP provides certain manager research services to JPMS with respect to advisory programs where JPMP is not a sub-adviser. The JPMS legal entity includes two wealth management businesses: Chase Investments and J.P. Morgan Securities.

JPMP was incorporated on November 25, 1991. JPMP is a wholly-owned subsidiary of J.P. Morgan Chase & Co., which, together with its affiliates (collectively, "J.P. Morgan" and "JPMC"), is engaged in a large number of financial businesses worldwide, including banking, asset management, securities brokerage, and investment advisory services. As relevant to this brochure, JPMP is also affiliated with the following entities, which are also affiliates of each other as well as J.P. Morgan: JPMS and J.P. Morgan Chase Bank, N.A. ("JPMCB").

B. Description of Advisory Services

This brochure describes the advisory services that JPMP provides for C-BoS clients that select the C-MAP, C-TAX and C-PREP strategies offered through the C-BoS program.

Additional information about the services JPMP provides to its other clients and to JPMS is available from JPMS upon request and/or at the SEC's website at www.adviserinfo.sec.gov.

In addition, for more information on wrap fee programs, including C-BoS, the Advisory Program, STRATIS, CSP, MFAP, JPMCAP, and JPMDI, please see the applicable JPMS Form ADV, Part 2A Appendix 1, SEC File No. 801-3702, for those programs.

C-BoS Program Overview

C-BoS is a discretionary advisory fee program offered by the Chase Investments and J.P. Morgan Securities wealth management businesses of JPMS that provide JPMS clients with access to JPMP portfolio managers who provide discretionary investment management services in client separately managed accounts. Clients in C-BoS may select the C-MAP and C-TAX strategies, which are limited to initial investments in certain fixed income securities, and the C-PREP strategy, which is limited to initial investments in certain preferred securities and deferrable subordinated debt securities. Below are general descriptions of the advisory services for the C-BoS strategies.

- The C-MAP strategy seeks to earn an income stream that is largely or fully exempt from federal as well as certain state and local income taxes, while focusing on capital preservation. The portfolio

manager generally takes a “buy and hold” approach (with the general intention to hold the bonds to maturity) while maintaining ongoing credit oversight. As a result, the bonds in the portfolio generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. Although C-MAP generally takes a “buy and hold” approach, a portfolio manager in its discretion can decide to sell a bond for any of the following reasons: the credit team determines that the bonds are no longer a desirable investment (a “credit call”), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale (e.g., to raise cash or recognize a taxable gain or loss, as applicable). Clients can customize the municipal bond portfolios by selecting a duration range, a minimum credit rating, and a state preference, if any, as well as additional customizations (see Item 4, Section C for more information).

- The C-TAX strategy includes customized taxable investment grade bonds with the option to also include high yield bonds that seek to generate income. The portfolio manager generally takes a “buy and hold” approach (with the general intention to hold the bonds to maturity) while maintaining ongoing credit oversight. As a result, the bonds in the portfolio generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. Although C-TAX generally takes a “buy and hold” approach, a portfolio manager in its discretion can decide to sell a bond for any of the following reasons: the credit team determines that the bonds are no longer a desirable investment (a “credit call”), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale (e.g., to raise cash or recognize a taxable gain or loss, as applicable). Clients can customize the taxable investment grade or taxable investment grade and high yield bond portfolios by selecting a duration range and minimum credit rating, as well as additional customizations (see Item 4, Section C for more information).
- The C-PREP strategy seeks primarily to generate income that is higher than traditional fixed income investments. The portfolio aims to maintain above-moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with this objective, the portfolio expects to invest predominately in preferred securities and deferrable subordinated debt securities, which have a combination of fixed income and equity-like characteristics and associated risks. The portfolio can experience equity-like volatility, and the portfolio can be concentrated among a limited number of issuers and industry sectors and include securities that are below investment grade or unrated. The portfolio manager can take an active approach in trading securities in the portfolio and can, in its discretion, sell for a variety of tactical reasons. Clients can customize the portfolios by selecting from various options as to dividend or coupon type, tax treatment and industry sectors (see Item 4, Section C for more information).

Based on information provided by the client, JPMS assists the client in selecting an investment strategy within the C-BoS program. JPMS (not JPMPI) is responsible for determining whether C-BoS and particular investment strategies are suitable for a particular client.

JPMS requires clients to open a separate account for each investment strategy selected. Clients that wish to pursue multiple investment strategies as part of their overall strategy must open a separate C-BoS account for each investment strategy. In managing a C-BoS strategy, JPMPI will not consider any assets owned by the client outside of that particular strategy, including any assets held in other C-BoS accounts.

Clients are encouraged to review the applicable JPMS Form ADV, Part 2A Appendix 1 C-BoS Brochure for important additional information about C-BoS.

Portfolio Management of the C-MAP, C-TAX and C-PREP Strategies Available Through C-BoS

JPMPI acts as the portfolio manager of three strategies in C-BoS: the C-MAP, C-TAX and C-PREP strategies. JPMPI provides discretionary investment management services to those clients in C-BoS who select the C-MAP, C-TAX or C-PREP strategies.

JPMPPI, as portfolio manager of the C-MAP, C-TAX and C-PREP strategies available through C-BoS, is responsible for securities selection and portfolio construction. After JPMPPI selects securities for the account, JPMPPI will place orders with unaffiliated broker-dealers. In the C-BoS program, clients authorize and direct JPMPPI to effect transactions for the account(s) directly with unaffiliated broker-dealers, subject to the portfolio manager's duty to seek best execution. For these trades, clients will incur a mark-up, mark-down or spread charged by the other broker-dealer that is not covered by the advisory fee. JPMS will provide custodial services with respect to transactions and assets in C-BoS accounts, which is included in the advisory fee.

C. Availability of Customized Services for Clients in C-BoS

In the C-BoS program, all accounts are customized to the individual client's investment needs. In C-MAP, clients have the ability to select a duration range, a minimum credit rating and a state preference, if any. In addition, for C-MAP accounts, clients also have the ability to restrict the portfolio managers from purchasing bonds from one individual state. In C-TAX, clients have the ability to select a duration range and a minimum credit rating. The credit rating parameters that each client selects for a particular C-MAP or C-TAX account only apply at the time the portfolio manager initially purchases a particular bond for that account. The portfolio manager in its discretion may or may not liquidate such investments upon a credit rating downgrade. As a result, a C-MAP or C-TAX account may hold bonds to maturity despite a credit rating below the client-selected parameter. In C-PREP, clients have the ability to select from various options with respect to dividend or coupon type, tax treatment and industry sectors. Collectively, all of the customizations are considered to be a "Customized Portfolio".

Clients can place reasonable restrictions on the purchase or sale of certain securities for their C-BoS accounts, subject to JPMPPI's acceptance. JPMPPI can reject a restriction on the account if it deems the restriction to be unreasonable. The types of restrictions available to clients can vary depending on whether the client participates in C-BoS through the Chase Investments or J.P. Morgan Securities business of JPMS. Any restrictions on the management of a C-BoS account may cause the account to perform differently than the account would perform without the restrictions.

During the course of the portfolio management of a client account, a client may change its Customized Portfolio within a C-MAP or C-TAX account. Clients may decide whether (i) to presently restructure the entire C-MAP or C-TAX account based on the parameters of the new Customized Portfolio (including a sale of any current bonds in the account that do not meet the requirements of the new Customized Portfolio) or (ii) to purchase bonds that meet the requirements of the new Customized Portfolio only as existing bonds mature in the C-MAP or C-TAX account. If the client does not elect for (i) or (ii) as previously described, the portfolio manager will apply option (ii) as a default. Immediately restructuring the entire account to the new Customized Portfolio can result in taxable events upon the sale of positions. Clients should consult with their own tax adviser to understand any such consequences. However, if the client does not choose option (i) to presently restructure the C-MAP or C-TAX account, the client portfolio may hold positions that are not in line with the parameters of the new Customized Portfolio.

During the course of the portfolio management of a client account, a client may change its Customized Portfolio within a C-PREP account. For a C-PREP account, clients can only presently restructure an entire C-PREP account based on the parameters of the new Customized Portfolio (including a sale of any current securities in the account that do not meet the requirements of the new Customized Portfolio subject to market liquidity and other market conditions). Immediately restructuring the entire account to the new Customized Portfolio can result in taxable events upon the sale of positions. Clients should consult with their own tax adviser to understand any such consequences.

D. Wrap Fee Programs

JPMPPI's portfolio management services are available to clients through the C-MAP, C-TAX and C-PREP strategies in C-BoS, a "advisory fee" program sponsored by JPMS. For C-BoS, a client pays a single, all-inclusive (or "advisory" or "bundled") fee to JPMS for investment advisory services, portfolio management,

custody and reporting services. Clients may be able to negotiate the advisory fee with JPMS. JPMPI receives a portion of the advisory fee for its portfolio management services to C-BoS. For additional information on the advisory fee and additional fees, see Item 5.

JPMS has primary responsibility for client communications and services, arranging for payment of JPMPI's advisory fees on behalf of the client, monitoring and evaluating JPMPI's portfolio management services, and providing custodial services for the client's assets in exchange for a single fee paid by the client to JPMS. The same JPMPI portfolio managers who manage C-BoS accounts also manage other accounts for JPMCB (the "C-BoS Portfolio Managers"). These JPMCB accounts have the same or substantially similar investment objectives and follow the same or similar strategies to those of C-BoS accounts ("Similar Accounts"). C-BoS accounts may not be handled identically to Similar Accounts. The program fee for C-BoS clients is higher than the program fee for Similar Accounts. Individual Similar Accounts generally have more assets than individual C-BoS accounts. Therefore, JPMCB receives more gross compensation with respect to Similar Accounts than JPMS and JPMPI receive from C-BoS accounts. This creates a conflict of interest for C-BoS Portfolio Managers by providing an incentive to favor these Similar Accounts as to time spent managing such accounts. In addition, JPMCB does not charge fees to Similar Accounts on uninvested cash; however, JPMS charges fees to C-BoS accounts based upon the market value of all assets held in a C-BoS account (including cash and cash alternatives) (see Item 5, Section B). The C-BoS Portfolio Managers have a potential conflict of interest by having an incentive to favor these Similar Accounts when, for example, placing securities transactions or when allocating securities to clients. JPMPI has policies and procedures designed to ensure that all client accounts are treated fairly (see Item 12, Section B).

See Items 10 and 11 for more information on material conflicts of interest relating to JPMPI's advisory services.

E. Assets Under Management

JPMPI provides discretionary investment management services to C-BoS clients. JPMPI does not have any assets under management attributable to C-BoS because C-BoS is a new advisory fee program.

Outside of C-BoS, as of December 31, 2017, JPMPI managed approximately \$79 billion in assets on a discretionary basis and approximately \$22.5 billion in assets on a non-discretionary basis.

ITEM 5

Fees and Compensation

A. JPMPI Advisory Fees and Compensation

JPMS charges to clients and pays to JPMPI a product fee for the portfolio management services JPMPI provides in C-BoS. JPMPI receives 0.12% annually of the assets under management for C-MAP, C-TAX and C-PREP. There is no performance fee. Clients may be able to negotiate the advisory fee with JPMS (see Item 4D).

B. Payment of Fees

JPMS deducts fees for C-BoS from client accounts; however, the timing of the deduction varies based on whether a given client participates in C-BoS through the Chase Investments or J.P. Morgan Securities business of JPMS. Chase Investments deducts fees from client accounts monthly in arrears based upon the market value of all assets held in a C-BoS account (including cash and cash alternatives) on the last business day of the prior month. J.P. Morgan Securities deducts fees for C-BoS from client accounts each calendar quarter in advance based upon the market value of all assets held in a C-BoS account (including all cash and cash alternatives) on the last business day of the preceding calendar quarter.

J.P. Morgan Securities will be responsible for refunds if participation in C-BoS is terminated before the end of the billing period. C-BoS clients should review the terms and conditions of C-BoS or contact J.P. Morgan Securities regarding arrangements for refunds of pre-paid fees, fees and billing arrangements.

JPMPPI does not bill C-BoS clients or deduct fees directly from such client's C-BoS accounts. In general, JPMS bills C-BoS clients or deducts fees from the client's C-BoS accounts, and JPMS compensates JPMPPI for its advisory services.

C. Additional Fees and Expenses

The advisory fee clients pay to JPMS for accounts in the C-BoS program includes investment advisory, portfolio management, custody and reporting services. The advisory fee clients pay to JPMS does not include transaction execution fees (i.e., mark-ups, mark-downs or spreads charged by unaffiliated broker-dealers – see “Trading Away and Other Costs” below), transfer taxes, wire transfer fees, margin interest, American depositary receipt (“ADR”) related fees, or any other fees that would reasonably be assessed to a brokerage account. In addition, the advisory fee paid to JPMS does not cover certain costs or charges that may be imposed by JPMS or third parties, including costs associated with exchanging foreign currencies, borrowing fees on short sales, odd-lot differentials, activity assessment fees, exchange fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law.

Trading Away and Associated Costs

The advisory fee does not cover brokerage commissions or other charges resulting from transactions not effected through JPMS or its affiliates. In managing the C-BoS accounts, JPMPPI will place orders for client accounts with broker-dealers other than JPMS and other affiliates due to JPMPPI's regulatory requirement to avoid principal transactions and the nature of the market for fixed income and preferred securities. Fixed income and preferred securities are primarily traded in dealer markets. These securities are directly purchased from or sold to a financial services firm acting as a dealer (or principal). A dealer executing such trades generally will include a mark-up (on securities it sells), a mark-down (on securities it buys) or a spread (the difference between the price it will buy, or “bid,” for the security and the price at which it will sell, or “ask,” for the security) in the net price at which transactions are executed. The bid and ask are prices quoted by the dealer, so C-BoS clients should understand that a dealer's bid price would be the price at which a client is selling their security, and the dealer's ask price would be the price at which a client is buying the security. These transaction fees (i.e., mark-ups, mark-downs or spreads charged by unaffiliated broker-dealers) are not included in the advisory fee that clients pay to JPMS. Clients should carefully consider these additional trading costs before selecting C-BoS.

When portfolio managers place orders with broker-dealers other than JPMS, the trade confirmation issued by JPMS with the details of the trade shows a price for the traded security that is inclusive (i.e., net) of the mark-up or mark-down paid by the client to the other broker-dealer, but it does not break out or otherwise show the amount of the mark-up or mark-down separately. For more information on trading away, please refer to additional disclosures in the “Trading Away and Associated Costs” section on the JPMS separate websites, available at www.chase.com/managed-account-disclosures and www.jpmorgansecurities.com/pages/am/securities/legal/investment-managers-trading-away-practices.

D. Prepayment of Fees

J.P. Morgan Securities, and not Chase Investments, deducts fees for C-BoS from client accounts each calendar quarter in advance based upon the market value of all assets held in a C-BoS account (including all cash and cash alternatives) on the last business day of the preceding calendar quarter. If the client agreement is terminated prior to the last day of the quarter, a pro rata portion of the quarterly fee paid in advance, based on the number of days remaining in the quarter after the termination date, will be funded to clients.

E. Additional Compensation and Conflicts of Interest

Neither JPMPI nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges.

ITEM 6

Performance-Based Fees and Side-by-Side Management

This Item is not applicable to this advisory program.

ITEM 7

Types of Clients

JPMS offers the C-MAP, C-TAX and C-PREP strategies in C-BoS to individuals, trusts, estates, charitable organizations, corporations and other business entities. C-MAP, C-TAX and C-PREP strategies in C-BoS are not available to retirement accounts, including qualified retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA").

JPMS has established minimum account requirements for certain client accounts, which can vary based on the investment strategy. The minimum amount of assets required to open an account in the C-MAP and C-TAX strategies available through C-BoS is typically \$1,000,000 per account, although JPMS can, in its discretion, waive or reduce the minimum account opening size for certain clients or accounts. Clients can also invest in a version of the C-MAP strategy that offers three options to invest in either national, New York, or California bonds, and where the minimum amount required to open an account is typically \$500,000 per account ("C-MAP Select"). The minimum amount of assets required to open an account in the C-PREP available through C-BoS is typically \$500,000 per account, although JPMS can, in its discretion, waive or reduce the minimum account opening size for certain clients or accounts. To open or maintain a C-BoS account, clients are required to sign an investment advisory agreement with JPMS that stipulates the terms under which JPMPI is authorized to act on behalf of the client to manage the assets listed in the agreement. Clients invested in the C-MAP, C-TAX or C-PREP strategies available through C-BoS must have a brokerage account with JPMS.

ITEM 8

Method of Analysis, Investment Strategies and Risk of Loss

A. Method of Analysis and Investment Strategies

JPMPI 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 and investment strategies that JPMPI utilizes in formulating investment advice or managing assets.

This Item 8 also includes a discussion of the primary risks associated with these investment strategies. However, it is impossible to identify all 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 JPMPI seeks to manage accounts so that risks are appropriate to the strategy, it is often impossible or not 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 or governing documents prior to retaining JPMPI to manage an account. See Item 8.B. for additional information regarding investment risks.

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 JPMPI's clients. This is a summary only. The information included in this ADV does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients should not rely solely on the descriptions provided below. 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.

JPMPI utilizes different methods of analysis that are tailored for C-BoS strategies. These descriptions are not intended to serve as account guidelines, and are not generally intended to provide a complete investment program for a client. Neither JPMS nor JPMPI can ensure that a given strategy's investment objective will be attained.

Investing in securities involves risk of loss that clients should be prepared to bear. The investment performance and success of any particular investment cannot be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. Investments are subject to various risks, including but not limited to market, liquidity, currency, economic, and political risks, and will not necessarily be profitable. Past performance of investments is not indicative of future performance.

Description of the C-MAP, C-TAX and C-PREP Strategies Available Through C-BoS

JPMPI provides discretionary investment management services to those clients in C-BoS who select one or more of the C-MAP, C-TAX and C-PREP strategies, as described in Item 4, Section B. Portfolio managers construct portfolios to implement investment views within C-MAP, C-TAX and C-PREP strategy guidelines and consistent with its investment objectives. Portfolio managers identify specific securities to use within the C-MAP, C-TAX and C-PREP strategies that reflect the portfolio manager's investment view within the strategy's investment guidelines and portfolio objectives. Such securities include those purchased directly from the issuer (a "Primary Offering") as well as those traded after the issuer has sold all of a Primary Offering (the "Secondary Market").

Methods of Analysis for C-MAP, C-TAX and C-PREP

JPMPI generally manages C-MAP and C-TAX accounts following a "buy and hold" approach, with the general intention of holding bonds to maturity while maintaining credit oversight. The portfolio manager for C-PREP can take an active approach in trading securities in the portfolio while maintaining credit oversight and can, in its discretion, sell for a variety of tactical reasons. This process for C-MAP, C-TAX and C-PREP involves a team that consists of experienced research analysts, traders and portfolio managers. JPMPI's investment process is research driven with a focus on fundamental analysis. The research process involves both qualitative and quantitative processes to evaluate issuers and securities. The team monitors portfolio positions and credit fundamentals. An internal governance forum provides ongoing oversight.

JPMPI Review Process for C-BoS

C-BoS is subject to an initial and ongoing internal review process by JPMPI. This is different from the review process applied by JPMPI to the JPMIM Discretionary Fixed Income ("DFI") strategies described below, and does not involve JPMPI's Manager Selection Team, or follow the same governance procedure for placing a strategy on probation or terminating ongoing monitoring and oversight responsibilities for a strategy. However,

JPMPPI does have a process for taking action on C-BoS if warranted as a result of its ongoing internal review process.

JPMPPI Manager Research Services on DFI

In addition to the portfolio management of C-BoS, Chase Investments has separately engaged JPMPPI to perform manager research services regarding DFI. The manager research services that JPMPPI performs for Chase Investments include: (1) recommending DFI strategies for potential inclusion in Chase Investments' Fixed Income Advisory Program; (2) ongoing review of DFI strategies selected by Chase Investments; and (3) recommending that DFI strategies selected by Chase Investments be placed on probation or removed.

The manager research services JPMPPI provides to Chase Investments for DFI are not advisory services provided by JPMPPI to clients of DFI. Chase Investments (not JPMPPI) is solely responsible for selecting DFI strategies based upon the information and recommendations provided by the Manager Selection Team and such other information and resources that Chase Investments deems appropriate.

JPMPPI Manager Research Services on Other Strategies

Potential Conflicts of Interest in the Research and Review of DFI

With respect to C-BoS, the review process that JPMPPI follows does not include a process to identify an applicable universe of managed strategies. As a result, there may be one or more strategies managed by affiliates that may outperform C-BoS.

Investment Advisory Services for Other Clients

Additional information about the services JPMPPI provides to its other clients is described in separate brochures, which are available from JPMPPI upon request or at the SEC's website at www.adviserinfo.sec.gov.

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

The following risks are the primary risks associated with JPMPPI's management of the C-MAP, C-TAX and C-PREP strategies in C-BoS. However, it is impossible to identify all of the risks associated with investing. 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 JPMPPI seeks to manage the C-MAP, C-TAX and C-PREP strategies so that risks are appropriate to the strategy, it is often impossible or not 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 governing documents prior to selecting a strategy available in C-BoS.

I. General Portfolio Risks

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. Securities in any one strategy may underperform in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation, interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.

Foreign Issuers Risk

Investments in securities of foreign issuers are subject to risks in addition to the risks of securities of U.S. issuers. These risks include 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 some foreign markets. 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.

Liquidity Risk

Investments in some equity and privately placed securities or other investments can be difficult to purchase or sell, possibly preventing the sale of these illiquid securities at an advantageous price or when desired. A lack of liquidity can also cause the value of investments to decline and the illiquid investments can also be difficult to value.

Counterparty Risk

An account may have exposure to the credit risk of counterparties with which it deals in connection with the investment of its assets, whether engaged in exchange traded or off-exchange transactions or through brokers, dealers, custodians and exchanges through which it engages. In addition, many protections afforded to cleared transactions, such as the security afforded by transacting through a clearing house, might not be available in connection with over-the-counter (“OTC”) transactions. Therefore, in those instances in which an account enters into OTC transactions, the account will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and will sustain losses.

Portfolio Turnover Risk

C-MAP and C-TAX strategies generally take a “buy and hold” approach (with the general intention to hold bonds to maturity), while maintaining credit oversight. As a result, the bonds in the portfolio generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. The portfolio manager in its discretion can decide to sell a bond in C-MAP and C-TAX for the following reasons: the portfolio manager questions the underlying creditworthiness of the issuer and determines that the bonds are no longer a desirable long term investment (a “credit call”), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale of certain positions (e.g., to raise cash or recognize a taxable gain or loss). The client account’s performance could be lower than accounts that may actively shift their portfolio assets to take advantage of market opportunities.

The C-PREP strategy can 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 are generally taxable as ordinary income. Alternatively, the C-PREP strategy can, in the portfolio manager’s discretion, experience low turnover due to market liquidity, market conditions or other factors.

Regulatory Risk

There have been recent legislative, tax, and regulatory changes and proposed changes that may impact the activities of JPMPI, including requirements to provide additional information pertaining to a client account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations ("SROs") and exchanges vary from country to country and may affect the value of client investments and their ability to pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which may negatively impact performance.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, JPMPI has become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorized access to, confidential or highly restricted data relating to JPMPI and its clients, and compromises or failures to systems, networks, devices and applications relating to the operations of JPMIM and its service providers. Cyber security risks may result in financial losses to JPMPI and its clients; the inability of JPMPI to transact business with its clients; delays or mistakes in materials provided to clients; the inability to process transactions with clients or other parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. JPMPI's service providers (including any sub-advisers, administrator, transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts and funds invest and parties with which JPMPI engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own businesses, which could result in losses to JPMPI or its clients. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since JPMPI does not directly control the cyber security defenses or plans of its service providers, financial intermediaries and companies in which they invest or with which they do business.

Initial Public Offering ("IPO") Risk

IPO, or new issue, securities have no trading history, and information about the companies may be available for very limited periods. The prices of securities sold in IPOs may be volatile. At any particular time or from time to time, JPMPI may not be able to invest in securities issued in IPOs on behalf of its clients, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to JPMPI. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Similarly, as the number of purchasers to which IPO securities are allocated increases, the number of securities issued to JPMS's clients may decrease.

Key Personnel Risk

If one or more key individuals become unavailable to JPMPI, including any of the portfolio managers of the C-MAP, C-TAX or C-PREP strategies, who are important to the management of the portfolio's assets, the portfolio could suffer material adverse effects.

Focused Portfolio Risks

A C-BoS account may have more volatility and is considered to have more risk than a strategy that invests in securities of a greater number of issuers because changes in the value of a single issuer's security may have a more significant effect, either negative or positive, on the account's value. To the extent that the account invests its assets in the securities of fewer issuers, the account is subject to greater risk of loss if any of those securities lose value. Specifically to C-MAP, to the extent an account selects a state focus or state specific strategy, whereby the portfolio manager invests a large percentage of its assets in the securities

of a particular state, the account is subject to greater risk of loss if any of those states are subject to adverse credit events.

Currency Risk

Changes in foreign currency exchange rates will affect the value of an account 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.

II. Risks That Apply Primarily to Fixed Income Investments

Interest Rate Risk

Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of these investments generally decline. On the other hand, if rates fall, the value of the investments generally increases. Securities with greater interest rate sensitivity and longer maturities generally are subject to greater fluctuations in value. However, usually, changes in the value of fixed income securities will not affect cash income generated. Variable and floating rate securities are generally less sensitive to interest rate changes than fixed rate instruments, but the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Many factors can cause interest rates to rise. Some examples include central bank monetary policy, rising inflation rates and general economic conditions. Given the historically low interest rate environment, risks associated with rising rates are heightened.

Credit Risk

There is a risk that issuers and/or counterparties will not make payments on securities when due or in default. Such default could result in losses. In addition, the credit rating of securities may be lowered if an issuer's or a counterparty's financial condition changes. Lower credit rating may lead to greater volatility in the price of a security, affect liquidity and make it difficult to sell the security. Certain strategies may invest in securities that are rated in the lowest investment grade category. Such securities also are considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities are more vulnerable to changes in economic conditions than issuers or counterparties of higher grade securities. Prices of fixed income securities may be adversely affected and credit spreads may increase if any of the issuers or counterparties to such investments are subject to an actual or perceived deterioration in their credit rating. Credit spread risk is the risk that economic and market conditions or any actual or perceived credit deterioration may lead to an increase in the credit spreads (i.e., the difference in yield between two securities of similar maturity but different credit rating) and a decline in price of the issuer's securities.

Government Securities Risk

Some accounts could 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)). U.S. government securities are subject to market risk, interest rate risk and credit risk. 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.

High Yield Securities Risk

Clients that select the C-TAX strategy can customize its investments to invest in securities that are issued by companies that are highly leveraged, less creditworthy or financially distressed ("high yield"). The C-PREP strategy, in the discretion of the portfolio manager, can also invest in these types of high yield securities and issuers. These investments (also known in some instances as junk bonds) are considered speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties and potential illiquidity. Furthermore, the C-PREP strategy, in the discretion of the portfolio manager, can also invest in unrated securities (i.e., securities that have not been rated by a national credit rating agency), which are subject to these same risks.

Equity Investment Conversion Risks

Equity securities may be acquired in connection with a restructuring event related to non-equity investments. An investor may be unable to liquidate the equity investment at an advantageous time from a pricing standpoint.

Municipal Obligations Risk

The risk of a municipal obligation generally depends on the financial and credit status of the issuer. Changes in a municipality's financial health may make it difficult for the municipality to make interest and principal payments when due. A number of municipalities have had significant financial problems, and these and other municipalities could, potentially, continue to experience significant financial problems resulting from lower tax revenues and/or decreased aid from state and local governments in the event of an economic downturn. Under some circumstances, municipal obligations might not pay interest unless the state legislature or municipality authorizes money for that purpose. Some securities, including municipal lease obligations, carry additional risks. For example, they may be difficult to trade or interest payments may be tied only to a specific stream of revenue.

Municipal bonds may be more susceptible to credit rating downgrades or defaults during recessions or similar periods of economic stress. Factors contributing to the economic stress on municipalities may include lower property tax collections as a result of lower home values, lower sales tax revenue as a result of consumers cutting back spending, and lower income tax revenue as a result of a higher unemployment rate. In addition, since some municipal obligations may be secured or guaranteed by banks and other institutions, the risk to an investor could increase if the banking or financial sector suffers an economic downturn and/or if the credit ratings of the institutions issuing the guarantee are downgraded or at risk of being downgraded by a national rating organization. If such events were to occur, the value of the security could decrease or the value could be lost entirely, and it may be difficult or impossible for an investor to sell the security at the time and the price that normally prevails in the market. Interest on municipal obligations, while generally exempt from federal income tax, may not be exempt from federal alternative minimum tax or certain state or local taxes.

Liquidity Risk

There may be no market for a fixed income instrument, and the holder may not be able to sell the security at the desired time or price. Even when a market exists, there may be a substantial difference between the secondary market bid and ask prices for a fixed income instrument.

Credit Spread Risk

Credit spread risk is the risk that a change in credit spreads will adversely affect the value of an investment. Even when a market exists, there may be a substantial credit spread, that is, the difference between the secondary market bid and ask prices for a fixed income instrument. The value of fixed income instruments generally moves in the opposite direction of credit spreads. Values decrease when credit spreads widen and increase when credit spreads narrow.

Call Risk

Declining interest rates may cause issuers to call their bonds in order to sell new bonds paying lower interest rates. The bond's principal is repaid early, but the investor is left unable to find a similar bond with as attractive a yield.

Reinvestment Risk

Investors in callable bonds may not receive the bond's original coupon rate for the entire term of the bond, and they may be unable to find an equivalent investment paying rates as high as the original rate. In addition, once the call date has been reached, the stream of a callable bond's interest payments is uncertain and any appreciation in the market value of the bond may not rise above the call price.

Prepayment and Extension Risk

Callable bonds are also subject to prepayment and extension risk. A decline in interest rates and other factors may result in unexpected prepayment of the underlying obligations, possibly causing a decline in the value of the investment and reinvestment at lower interest rates. An increase in interest rates and other factors may extend the life of such a security because the prepayments do not occur as expected, possibly causing a decline in the value of the investment.

III. Risks That Apply Primarily to Preferred Security Investments

Subordination of Preferred Securities to Existing and Future Indebtedness of the Same Issuers

Preferred securities are equity interests in an issuer and do not constitute indebtedness. This means that preferred securities of an issuer will rank junior to all existing and future indebtedness of the issuer and to other non-equity claims on the issuer with respect to assets available to satisfy claims on the issuer, including claims in liquidation. Moreover, some issuers may have existing indebtedness that restricts payment of dividends or distributions on their preferred securities in certain circumstances.

Additionally, unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of preferred securities of an issuer, (i) dividends or distributions are typically payable only when, as, and if declared by the board of directors of the issuer or a duly authorized committee of the board, (ii) dividends or distributions may not accrue if they are not declared, and (iii) issuers may be subject to restrictions on dividend or distribution payments and redemption payments out of lawfully available funds. Further, preferred securities generally place no restrictions on the business or operations of an issuer or on its ability to incur additional indebtedness or engage in any transactions, subject only to the limited voting rights as described below under "Limited or No Voting Rights."

Dividends or Distributions are Discretionary, May be Non-Cumulative and/or May Not be Paid

Dividends or distributions on preferred securities are discretionary for an issuer and may be non-cumulative. If the board of directors of an issuer or a duly authorized committee of the board does not authorize and declare a dividend or distribution for any dividend or distribution period, holders of preferred securities would not be entitled to receive a dividend or distribution for that period, and the unpaid dividend or distribution may not accrue, accumulate or be payable at any future time.

In addition, if payment of dividends or distributions on preferred securities for any dividend or distribution period would cause an issuer to fail to comply with any applicable law or regulation (including applicable capital adequacy guidelines), the issuer may not pay a dividend or distribution for such period. In such a case, holders of preferred securities will not be entitled to receive any dividend or distribution for that period, and no amount will accrue, accumulate or be payable for that period.

An Issuer May be Prohibited from Making Distributions on or Redeeming its Preferred Securities

Under the terms of its outstanding debt securities, an issuer may be prohibited from declaring or paying any dividends or distributions on its preferred securities or redeeming, purchasing, acquiring, or making a liquidation payment on the preferred securities at any time when the issuer is deferring payments of interest on those debt securities or if a default under the indenture governing those debt securities has occurred and is continuing.

Preferred Securities Do Not Have a Fixed Maturity but May be Subject to an Issuer's Redemption Rights

Preferred securities generally do not have a fixed maturity date and may remain outstanding perpetually, and holders of preferred securities generally do not have the right to request issuers to redeem their preferred securities. Some preferred securities may give the issuer the right to redeem the preferred securities after a certain date or upon the occurrence of a certain event. For instance, redemption may be triggered by a change in federal income tax laws. However, an issuer's right to redeem its preferred securities may be subject to restrictions established by its regulators. For instance, an issuer that is a bank holding company may be required to obtain the Federal Reserve Bank's prior concurrence or approval before any redemption of its preferred securities. Therefore, investors in preferred securities should be willing to hold them indefinitely.

Equity Securities Risk

Investments in equity securities (such as stocks) may be more volatile and carry more risks than some other forms of investment. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities market as a whole, such as changes in economic or political conditions.

Regulatory Risk

Issuers of preferred securities may be in industries that are heavily regulated and that may receive government funding. The value of the preferred securities issued by these issuers may be affected by changes in government policy, such as increased regulation, ownership restrictions, or reduced government funding. Any such change may affect the price of, and payments on, those preferred securities.

Limited or No Voting Rights

Generally, holders of preferred securities have no voting rights with respect to matters that generally require the approval of voting common stockholders, unless dividends or distributions on their preferred securities have not been paid or under certain other specified circumstances. Even if holders of preferred securities acquire voting rights, such rights may be limited and may be rescinded by the issuer once the event that triggers such voting rights has been remediated.

Liquidity Risk

Preferred securities may be subject to transfer restrictions and may not be listed on any securities exchange or have any established trading market. Therefore, investors in preferred securities may not be able to sell their preferred securities at their desired time or price, and should be willing to hold them indefinitely.

Heavy Concentration in the Financial Services Industry

The market for preferred securities is comprised predominately of securities issued by companies in the financial services industry. Therefore, preferred securities present substantially increased risks at times of

financial turmoil, which generally affect financial services companies more than companies in other sectors and industries. Additionally, as a result of the sector concentration of preferred securities, any investment in preferred securities may be concentrated in preferred securities issued by a limited number of issuers.

Risk of Negative Yields

Because issuers of preferred securities generally have the right to call the preferred securities, if an investor purchases any preferred securities at a price at a premium to par, and the preferred securities are called by the issuer shortly thereafter, the investor may not be able to earn enough income on the preferred securities to offset the amount it has paid above par, and as a result may suffer a loss in its investment.

Interest Rate Changes

The value of preferred securities generally moves in the opposite direction of interest rates. The value of preferred securities generally decreases when interest rates rise and increases when interest rates fall. This is known as interest rate (duration) risk.

Reinvestment Risk

Declining interest rates may cause issuers to call their preferred securities in order to sell new preferred securities paying lower dividends. As a result, an investor may be unable to find a similar investment with as attractive a yield.

Preferred securities are also subject to risks that commonly affect fixed income investments, as described above.

iv. Risks that Apply Primarily to Deferrable Subordinated Debt Security Investments

Deferrable subordinated debt securities are junior debt securities issued by corporate or non-corporate (for example, trusts, including real estate investment trusts ("REITS")) issuers whose principal and interest payments are expressly subordinated to those of the issuer's senior indebtedness. So long as no event of default with respect to the deferrable subordinated debt securities has occurred and is continuing, the issuer is generally permitted to defer the interest payments on the deferrable subordinated debt securities for up to a pre-determined number of years (such a period, the "deferral period"), although, during the deferral period, interest continues to accrue on the deferrable subordinated debt securities. During the deferral period, the issuer is generally not permitted to make payment on or redeem or repurchase its equity securities or other debt securities that rank junior to or pari passu with the deferrable subordinated debt securities, provided that such non-payment does not violate the indenture or other issuing instrument of those pari passu debt securities of the issuer. At the end of the deferral period, the issuer is required to pay the holders the entire amount of the deferred interest payments. However, once the issuer is current on its interest payments on the deferrable subordinated debt securities, it is often permitted to defer interest payments again for a new deferral period. As fixed income securities, deferrable subordinated debt securities are subject to the below described risks that are common to all fixed income instruments.

Deferrable subordinated debt securities are also subject to certain additional risks, including, but not limited to, the following:

Subordination to All Current and Future Indebtedness of the Issuer in Right of Payment or Upon Liquidation

Deferrable subordinated debt securities of an issuer are subordinated and junior in right of payment to the issuer's current and future senior indebtedness, which means that the issuer is not permitted to make any payments on the deferrable subordinated debt securities if it is in default on any of its senior indebtedness. Consequently, in the event of bankruptcy, liquidation or dissolution of the issuer, its assets must be used to

pay off its senior indebtedness in full before any payment may be made on the deferrable subordinated debt securities.

In addition, the terms of the indenture of deferrable subordinated debt securities generally do not limit an issuer's ability to incur additional debt, whether secured or unsecured, and including indebtedness that ranks senior to or pari passu with the deferrable subordinated debt securities in right of payment as to principal or interest or upon its liquidation.

Interest Payments Can be Deferred for Multiple Deferral Periods

So long as no event of default with respect to the deferrable subordinated debt securities has occurred and is continuing, an issuer is generally permitted to defer the interest payments on the deferrable subordinated debt securities for a deferral period of up to a pre-determined number of years. At the end of the deferral period, the issuer is required to pay the holders the entire amount of the deferred interest payments, but once the issuer is current on its interest payments, it is often permitted to defer interest payments again for a new deferral period. Investors in deferrable subordinated debt securities should be prepared for not receiving any interest payment during a deferral period, and such deferral may occur more than once during the term of the deferrable subordinated debt securities.

To the extent a secondary market develops for a deferrable subordinated debt security, the market price is likely to be adversely affected if the issuer defers payments of interest. Even before an issuer exercises its deferral right, if the market perceives a likelihood of such deferral, the market for the deferrable subordinated debt security may become less active or be discontinued, and the market price of the deferrable subordinated debt security may be more volatile than the market prices of other securities that are not subject to deferral. Under these circumstances, if an investor sells its holding of the deferrable subordinated debt security, it may receive less return on its investment.

Certain Payments May be Made on Pari Passu Securities during a Deferral Period

The indenture or other issuing instrument of deferrable subordinated debt securities generally permits the issuer to make (i) any payment of current or deferred interest on parity securities that is made pro rata to the amounts due on such parity securities and (ii) any payment of principal or current or deferred interest on parity securities that, if not made, would cause the issuer to breach the terms of the instrument governing such parity securities, even if interest payments on the deferrable subordinated debt securities are being deferred.

Heavy Concentration in the Financial Services Industry

The market for deferrable subordinated debt securities is comprised predominately of securities issued by companies in the financial services industry. Therefore, deferrable subordinated debt securities present substantially increased risks at times of financial turmoil, which generally affect financial services companies more than companies in other sectors and industries.

Additionally, as a result of the sector concentration of deferrable subordinated debt securities, any investment in deferrable subordinated debt securities may be concentrated in deferrable subordinated debt securities issued by a limited number of issuers.

Risk of Negative Yields

Because issuers of deferrable subordinated debt securities generally have the right to call the deferrable subordinated debt securities, if an investor purchases any deferrable subordinated debt securities at a price at a premium to par, and the deferrable subordinated debt securities are called by the issuer shortly thereafter, the investor may not be able to earn enough income on the deferrable subordinated debt securities to offset the amount it has paid above par, and as a result may suffer a loss in its investment.

Potential Income Recognition for U.S. Federal Income Tax Purposes in Advance of the Receipt of Cash Attributable to such Income

If an issuer of a deferrable subordinated debt security were to defer interest payments on the security, the security would be treated as issued with original issue discount (“OID”) for U.S. federal income tax purposes at the time of such deferral, and all stated interest due after such deferral would be treated as OID. In such case, a U.S. holder would be required to include such stated interest in income as it accrues, regardless of such U.S. holder’s regular method of accounting, using a constant yield method, before such holder receives any payment attributable to such income, and would not separately report the actual payments of interest on the security as taxable income.

Deferrable subordinated debt securities are also subject to risks that commonly affect fixed income investments as described above.

C. Risks Associated with Particular Types of Securities

Please see response to Item 8.B.

ITEM 9

Disciplinary Information

A. Criminal or Civil Proceedings

JPMPI has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

JPMPI 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.

On December 18, 2015, JPMS and JPMCB (together “Respondents”), affiliates of JPMPI, entered into a settlement with the SEC, resulting in the SEC issuing an order (the “SEC Order”), and JPMCB entered into a settlement with the United States Commodity Futures Trading Commission (“CFTC”), resulting in the CFTC issuing an order. The Respondents consented to the entry of the SEC Order that finds that JPMS violated Sections 206(2), 206(4), and 207 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 and JPMCB violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933. The SEC Order finds that JPMCB negligently failed to adequately disclose (a) from February 2011 to January 2014, a preference for affiliated mutual funds in certain discretionary investment portfolios (the “Discretionary Portfolios”) managed by JPMCB and offered through J.P. Morgan’s U.S. Private Bank (the “U.S. Private Bank”) and the Chase Private Client (currently branded as Chase Wealth Management) lines of business; (b) from 2008 to 2014, a preference for affiliated hedge funds in certain of those portfolios offered through the U.S. Private Bank; and (c) from 2008 to August 2015, a preference for retrocession-paying third-party hedge funds in certain of those portfolios offered through the U.S. Private Bank. With respect to JPMS, the SEC Order finds, that from May 2008 to 2013, JPMS negligently failed to adequately disclose, including in documents filed with the SEC, conflicts of interest associated with its use of affiliated mutual funds in the CSP program, specifically, a preference for affiliated mutual funds, the relationship between the discounted pricing of certain services provided by an affiliate and the amount of CSP assets invested in affiliated products, and that certain affiliated mutual funds offered a lower-cost share class than the share class purchased for CSP. In addition, the SEC Order finds that JPMS failed to implement written policies and procedures adequate to ensure disclosure of these conflicts of interest. Solely for the purpose of settling these proceedings, the Respondents consented to the SEC Order, admitted to the certain facts set forth in the SEC Order and acknowledged that certain

conduct set forth in the SEC Order violated the federal securities laws. The SEC Order censures JPMS and directs the Respondents to cease-and-desist from committing or causing any violations and any future violations of the above-enumerated statutory provisions. Additionally, the SEC Order requires the Respondents to pay a total of \$266,815,000 in disgorgement, interest and civil penalty.

On December 18, 2015, JPMCB also reached a settlement agreement with the CFTC to resolve its investigation of JPMCB's disclosure of certain conflicts of interest to discretionary account clients of the U.S. Private Bank's U.S.-based wealth management business. In connection with the settlement, the CFTC issued an order (the "CFTC Order"), finding that JPMCB violated Section 4o(1)(B) of the Commodity Exchange Act ("CEA") and Regulation 4.41(a)(2) by failing to fully disclose to certain clients its preferences for investing certain discretionary portfolio assets in certain commodity pools or exempt pools, namely (a) investment funds operated by JPMorgan Asset Management and (b) third-party managed hedge funds that shared management and/or performance fees with an affiliate of JPMCB. The CFTC Order directs JPMCB to cease-and-desist from violating Section 4o(1)(B) of the CEA and Regulation 4.41(a)(2). Additionally, JPMCB shall pay \$40 million as a civil penalty to the CFTC and disgorgement of \$60 million satisfied by disgorgement to be paid to the SEC by JPMCB and JPMS in the related and concurrent settlement with the SEC.

On or about July 27, 2016, Respondents entered into a Consent Agreement ("Agreement") with the Indiana Securities Division ("ISD"). The Respondents consented to the entry of the Agreement that alleged that certain conduct of the Respondents was outside the standards of honesty and ethics generally accepted in the securities trade and industry, in violation of 710 Ind. Admin. Code§ 4-10-1(23) (2016). Specifically, the Agreement alleged that, between 2008 and 2013, JPMS failed to disclose to Indiana investors that certain proprietary mutual funds purchased for CSP clients offered institutional shares that were less expensive than the institutional shares JPMS chose for CSP clients. In addition, the Agreement alleged that, from February 2011 to January 2014, no account opening document or marketing materials disclosed to Indiana investment management account clients or Indiana J.P. Morgan Investment Portfolio clients that JPMCB preferred to invest client assets in proprietary mutual funds, and that between 2008 and January 2014, JPMCB did not disclose its preference for investing certain investment management account assets in certain proprietary hedge funds to Indiana clients. Lastly, the Agreement alleged that, JPMCB did not disclose its preference for placement-agent-fee-paying third-party hedge fund managers in certain investment management accounts to Indiana clients until August 2015. Solely for the purpose of settling these proceedings, the Respondents consented to the Agreement, with no admissions as to liability. In the Agreement, the Respondents agreed to pay a total of \$950,000 to resolve the ISD's investigation, which was paid on August 1, 2016.

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

JPMPI has no material SRO disciplinary proceedings to report.

ITEM 10

Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

JPMPI is not a registered broker-dealer; however, JPMPI has management persons who are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of JPMS, an affiliated broker-dealer, if necessary, or appropriate to perform their responsibilities.

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

JPMPI is registered as a commodity pool operator with the CFTC and is not registered as a commodity trading advisor in reliance on applicable exemptions from registration. Further, JPMPI operates its commodity pools under three separate exemptions: CFTC Rules 4.7 (exemption from certain part 4 requirements) and 4.13 (exemption from registration as a commodity pool operator), and CFTC Advisory 18-96 (relief from certain disclosure, reporting, and recordkeeping requirements for offshore commodity pools). JPMPI is also a member of the National Futures Association (the "NFA"). In addition, one of JPMPI's management persons is registered with the NFA as an "associated person" of JPMPI, as necessary or appropriate to perform their responsibilities.

C. Material Relationships or Arrangements with Industry Participants

JPMPI has certain relationships or arrangements with related persons that are material to its advisory business or its clients. Below is a description of such relationships and some of the conflicts of interest that arise from them. JPMPI has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between JPMPI and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between JPMPI and certain other affiliates, as more fully described in Item 11, Section A. For a more complete discussion of the conflicts of interest and corresponding controls designed to prevent, limit or mitigate conflicts of interests, please see Item 11, Section B - Participation or Interest in Client Transactions and Other Conflicts of Interest.

JPMPI also manages accounts on behalf of its affiliates, which creates conflicts of interest related to JPMPI's determination to use, suggest, or recommend the services of such affiliates. The particular services involved will depend on the types of services offered by the affiliate. The use of affiliates to provide services to clients and JPMPI creates certain conflicts of interest for JPMPI. Among other things, there are financial incentives for JPMPI's affiliates, including its parent company, J.P. Morgan, to favor affiliated service providers over non-affiliated service providers, and compensation of supervised persons of JPMPI may be directly or indirectly related to the financial performance of J.P. Morgan. However, JPMPI believes there may also be advantages to using affiliated service providers in certain situations, and JPMPI will engage such affiliated service providers only in a manner consistent with applicable laws, regulations, and JPMPI's policies and procedures.

(1) broker-dealer, municipal securities dealer, or government securities dealer or broker

JPMS is dually registered as a broker-dealer and an investment adviser with the SEC. JPMS is a wholly owned subsidiary of J.P. Morgan. JPMS is also registered as a Futures Commission Merchant ("FCM") with the CFTC. Certain directors and officers of JPMPI are also officers of JPMS. JPMPI utilizes JPMS for various services, including for clearing of securities transactions on behalf of certain RICs sub-advised by JPMPI, subject to applicable laws and regulations and the policies and procedures of JPMPI. JPMPI also acts as a portfolio manager/sub-adviser for certain JPMS-sponsored wrap fee programs, in which JPMS typically provides custody and equity trade execution services to the program clients. JPMS does not receive any additional brokerage commissions from its wrap clients when JPMPI places trades for those clients with JPMS. Additionally, JPMPI does not receive any additional fees or compensation from placing trades for these JPMS sponsored wrap accounts with JPMS.

(2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)

JPMPI provides investment advice and/or administrative functions for private investment funds organized as limited partnerships, limited liability companies, or offshore companies and serves as sub-adviser to four RICs for which JPMIM serves as investment adviser. JPMPI also acts as the investment adviser to open-end mutual funds. JPMPI has entered into sub-advisory arrangements with JPMIM to provide the day-to-day investment decisions for the RICs, including the selection of funds for the RICs, which may include

mutual funds sponsored or managed by J.P. Morgan affiliates. Please see Section D of this Item and Item 11 for more information on material conflicts of interest relating to JPMPI's advisory services.

(3) other investment adviser or financial planner

JPMPI acts as sub-adviser or portfolio manager as described above in Item 4.

JPMPI's affiliate, JPMIM, is the investment adviser or sub-adviser for various J.P. Morgan affiliated funds, including funds organized under the laws of other countries and jurisdictions. JPMIM is the primary adviser to a U.S. mutual funds complex as well as separately managed accounts. JPMPI often recommends and invests client accounts in J.P. Morgan affiliated funds and separately managed accounts which creates a conflict of interest because JPMPI affiliates benefit from increased allocations to the J.P. Morgan affiliated funds, and JPMDS and other affiliates receive distribution, placement, administration, custody, trust services or other fees for services provided to such funds.

(4) banking or thrift institution

J.P. Morgan, JPMPI's parent company, is a public company that is a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve"). J.P. Morgan is subject to supervision and regulation by the Federal Reserve and is subject to certain restrictions imposed by the Bank Holding Company Act and related regulations.

JPMCB is a national banking association. JPMCB is subject to supervision and regulation by the U.S. Department of Treasury's Office of the Comptroller of the Currency. JPMCB provides banking, investment management, trustee, custody, and other services to clients. JPMCB also provides custody, or administrative services to funds sponsored or managed by J.P. Morgan. JPMCB and/or other affiliates of JPMCB share personnel (including investment advisory, research, legal, compliance, investor relations, marketing, technology, accounting, back office, human resources, IT, risk management, and administrative personnel) with JPMPI and provide other investment and non-investment resources to JPMPI. A substantial number of JPMPI's supervised persons also have duties and obligations outside of JPMPI to JPMCB and/or JPMPI's other affiliates. Personnel sharing can result in conflicts of interest to the extent such personnel have substantive responsibilities outside of JPMPI. For example, the resources available to JPMPI may be impacted by such personnel's other responsibilities to JPMCB or its affiliates. In addition, it may be more difficult for JPMPI to supervise such personnel and to monitor the communications and activities of such personnel. To the extent JPMCB or its affiliates share personnel with JPMPI, such personnel generally will be treated as supervised persons of JPMPI for compliance purposes with respect to that portion of their roles and responsibilities that directly relates to JPMPI's business.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Although JPMPI does not hire other investment advisers in this program, JPMPI's relationship with its affiliates limit certain trading capabilities as described below.

JPMPI and its affiliates maintain certain limitations on investment positions (including registered funds) that JPMPI or its affiliates will take on behalf of its various clients due to, among other things: (i) liquidity concerns, (ii) regulatory requirements applicable to JPMPI or its affiliates, and (iii) internal policies related to such concerns or requirements, in light of the management of multiple portfolios and businesses by JPMPI and its affiliates. Such policies preclude JPMPI or its affiliates from purchasing certain investments for clients, and may cause JPMPI to sell certain investments held in client accounts. This could result in performance dispersion among accounts with similar investment objectives.

Potential conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of investment opportunities because of market factors or investment restrictions imposed upon JPMPI and its affiliates by law, regulation, contract, or internal policies. Allocations of aggregated

trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as JPMPI or its affiliates may have an incentive to allocate securities that are expected to increase in value to favored accounts. Initial public offerings, in particular, are frequently of very limited availability. JPMPI and its affiliates may be perceived as causing accounts they manage to participate in an initial public offering to increase JPMPI's and its affiliates' overall allocation of securities in that offering. A potential conflict of interest also may arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of 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.

See Item 4.D. for more information about Similar Accounts.

Additionally, JPMC and its affiliates own interests in electronic communication networks and alternative trading systems (collectively "ECNs"), please see Item 11 for more information relating to this conflict.

ITEM 11

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

A. Code of Ethics

JPMPI has adopted the JPMPI 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 JPMPI and its supervised persons 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 or mitigate 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 a client service representative or financial adviser.

(i) General

The Code of Ethics contains policies and procedures relating to:

- Account holding reports, personal trading, including reporting and preclearance requirements for all personnel of JPMPI;
- Confidentiality obligations to clients set forth in the JPMC privacy notices; and
- Conflicts of interest, which includes guidance relating to restrictions on trading on material, nonpublic information ("MNPI"), 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 JPMPI personnel be maintained with an approved broker and that all trades in reportable securities for such accounts be precleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. JPMPI personnel must obtain approval prior to engaging in all covered security transactions, including those issued in private placements. In addition, JPMPI personnel are not 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 JPMPI's recommendations to clients, purchases, or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security at certain times. In addition, Access Persons are required to disclose household members' personal security transactions and holdings information. These disclosure obligations and restrictions are designed to mitigate conflicts of interest that may arise if Access Persons transact in the same securities as advisory clients.

Additionally, all JPMPPI personnel are subject to the JPMC firm-wide policies and procedures including those 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 JPMPPI personnel, are required to familiarize themselves, comply, and attest annually to their compliance with provisions of the Code of Conduct's terms as a condition of continued employment.

(ii) Information Barrier Policies

J.P. Morgan Wealth Management ("WM"), maintains various types of internal information barriers and other policies that are designed to prevent certain information from being shared or transmitted to other business units within WM or between JPMIM and WM, and within JPMC more broadly. JPMPPI relies on these information barriers to protect the integrity of its investment process and to comply with fiduciary duties and regulatory obligations. JPMPPI also relies upon these barriers to mitigate potential conflicts, to preserve confidential information and to prevent the inappropriate flow of MNPI and confidential information to and from JPMPPI and to other public and private JPMC lines of business. MNPI is information not generally disseminated to the public that a reasonable investor would likely consider important in making an investment decision. This information is received voluntarily and involuntarily and under varying circumstances, including, but not limited to, upon execution of a non-disclosure agreement, as a result of serving on the board of directors of a company, serving on ad hoc or official creditors' committees and participation in risk, advisory or other committees for various trading platforms, clearinghouses and other market infrastructure related entities and organizations. JPMPPI's information barriers include: (1) written policies and procedures to limit the sharing of MNPI and confidential information on a need to know basis only, and (2) various physical, technical and procedural controls to safeguard such information. As a result of information barriers, JPMPPI generally will not have access, or will have limited access, to information and personnel in other areas of JPMC, and generally will not manage the client accounts and funds with the benefit of information held by these other areas.

Under certain circumstances, JPMPPI and/or its affiliates may decide that transactions in a particular security need to be restricted and therefore JPMPPI and/or its affiliates may determine that the security should be placed on a "restricted list." While the security is on the restricted list, JPMPPI typically prohibits purchases, sales, or all transactions in the security. The reasons for placing a security on the restricted list include, but are not limited to: (i) preventing JPMPPI 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. Participation or Interest in Client Transactions and Other Conflicts of Interest

J.P. Morgan Acting in Multiple Commercial Capacities

J.P. Morgan is a diversified financial services firm that provides a broad range of services and products to its clients and is a major participant in the global currency, equity, commodity, fixed income and other markets in which C-BoS client accounts invest or may invest. J.P. Morgan is typically entitled to compensation in connection with these activities and C-BoS clients will not be entitled to any such compensation. In providing services and products to clients other than C-BoS clients, J.P. Morgan, from time to time, faces conflicts of interest with respect to activities recommended to or performed for C-BoS client on one hand and for J.P. Morgan's other clients on the other hand. For example, J.P. Morgan has, and continues to seek to develop banking and other financial and advisory relationships with numerous U.S. and non-U.S. persons and governments. J.P. Morgan also advises and represents potential buyers and sellers of businesses worldwide. C-BoS client accounts have invested in, or may wish to invest in, such entities represented by J.P. Morgan or with which J.P. Morgan has a banking, advisory or other financial relationship. Furthermore, in certain circumstances, J.P. Morgan persons issue recommendations on securities held in accounts advised or sub-

advised by JPMPI that are contrary to the investment activities of JPMPI. In providing services to its clients and as a participant in global markets, J.P. Morgan from time to time recommends or engages in activities that compete with or otherwise adversely affect a C-BoS client account or its investments. It should be recognized that such relationships can preclude C-BoS clients from engaging in certain transactions and can also restrict investment opportunities that may be otherwise available to C-BoS clients. J.P. Morgan reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on C-BoS clients. In addition, J.P. Morgan derives ancillary benefits from providing other services to C-BoS clients, and providing such services to C-BoS clients may enhance J.P. Morgan's relationships with various parties, facilitate additional business development and enable J.P. Morgan to obtain additional business and generate additional revenue. The following are descriptions of certain additional conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that J.P. Morgan and JPMPI may have in transactions effected by, with, or on behalf of its clients. In addition to the specific mitigants described further below, JPMPI has established information barriers (see Item 11, Section A) and adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, many of the activities that create these conflicts of interest are limited and/or prohibited by law, unless an exception is available.

J.P. Morgan Service Providers and Its Relationships with Issuers of Debt or Equity Instruments in Client Portfolios

J.P. Morgan or JPMPI's related persons may provide financial, consulting, investment banking, advisory, brokerage (including prime brokerage) and other services to, and receive customary compensation from, an issuer of equity or debt securities held by client accounts. Any fees or other compensation received by J.P. Morgan in connection with such activities will not be shared with the C-BoS clients or used to offset fees charged to C-BoS clients. Such compensation could include financial advisory fees, monitoring fees, adviser fees or fees in connection with restructurings or mergers and acquisitions, as well as underwriting or placement fees, financing or commitment fees, trustee fees and brokerage fees.

Client Participation in Offerings where J.P. Morgan acts as Underwriter or Placement Agent

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

The commercial relationships and activities of JPMPI's affiliate may at times indirectly preclude JPMPI from engaging in certain transactions on behalf of its clients. For example, when JPMPI's affiliate is the sole underwriter of an initial or secondary offering, JPMPI cannot purchase securities in the offering for its clients. In such case the universe of securities and counterparties available to JPMPI's clients will be smaller than that available to clients of advisers that are not affiliated with major broker-dealers.

Conflicts Related to the Joint Use of Vendors and Unaffiliated Service Providers

Certain service providers to clients managed by JPMPI (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms) provide goods or services to, or have business, personal, financial or other relations with J.P. Morgan and/or JPMPI, their affiliates, advisory clients and portfolio companies. Such advisors and service providers may be clients of J.P. Morgan and JPMPI, sources of investment opportunities, co-investors or commercial counterparties or entities in which J.P. Morgan has an investment. Additionally, certain employees of J.P. Morgan or JPMPI could have family members or relatives employed by such advisors and service providers. These relationships could influence JPMPI in deciding whether to select or recommend such service providers to perform services

for its clients or investments held by such clients (the cost of which will generally be borne directly or indirectly by such clients).

Clients' Investments in Affiliated Companies

Subject to applicable law, from time to time JPMPI may include equity instruments or other securities in model portfolios, and therefore client accounts, that represent an indirect interest in securities of J.P. Morgan, including J.P. Morgan stock. JPMPI 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 strategy that targets the returns of certain indices in which J.P. Morgan securities are a key component.

Clients' Investments in Deposit Sweep

Clients authorize JPMS and JPMPI to invest (i.e., sweep) available cash balances in client accounts that are pending investment, as well as any balances allocated to cash, into a bank deposit account held with JPMCB, an affiliate of JPMS and JPMPI.

Deposits with JPMCB are covered by the Federal Deposit Insurance Corporation ("FDIC"), up to applicable limits.

JPMS and JPMPI have a conflict of interest in using the Deposit Sweep for balances pending investment as well as the cash allocation for the model portfolios. JPMCB benefits from the use of the Deposit Sweep because JPMCB receives a stable, cost-effective source of funding. JPMCB intends to use deposits from program accounts to fund current and new business, including lending activities and investments. The profitability on such lending activities and investments is generally measured by the difference, or "spread", between the interest rate paid on the deposits and other costs associated with the deposits, and the interest rate or other income JPMCB earns on loans and investments made with the deposits. JPMS addresses this conflict by monitoring the rate of interest paid on deposits made from program accounts and by providing disclosure and information about the Deposit Sweep to clients. In addition, an internal governance forum reviews the target allocation to cash for each of the model portfolios to determine whether it is consistent with such strategy's investment objective.

Restrictions Relating to J.P. Morgan Directorships/Affiliations

Additionally, from time to time, directors, officers and employees of J.P. Morgan, serve on the board of directors or hold another senior position with a corporation, investment fund manager or other institution which may desire to sell an investment to, acquire an investment from or otherwise engage in a transaction with, JPMPI. The presence of such persons in such circumstances may require the relevant person to recuse himself or herself from participating in the transaction, or cause JPMPI to determine that it (or its client) is unable to pursue the transaction because of a potential conflict of interest. In such cases, the investment opportunities available to the C-BoS clients and the ability of such clients to engage in transactions or retain certain investments or assets will be limited.

Recommendation or Investments in Securities that JPMPI or Its Related Persons May Also Purchase or Sell

JPMPI and its related persons may recommend or invest in securities on behalf of its clients that JPMPI and its related persons may also purchase or sell. For example, JPMS sponsors a Fixed Income Advisory Program, which includes Discretionary Fixed Income ("DFI") investment strategies managed by JPMIM portfolio managers. DFI also provides taxable investment grade and high yield as well as municipal bond portfolios to JPMS clients that employ a similar "buy and hold" (intention is to hold bonds to maturity) strategy to that of C-MAP and C-TAX. As a result, positions taken by JPMIM and its related persons or other affiliates of JPMPI may be the same as or different from, or made contemporaneously or at different times than,

positions taken for other accounts by JPMPI. As these situations involve actual or potential conflicts of interest, JPMPI 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. In addition, JPMPI has implemented monitoring systems designed to ensure compliance with these policies and procedures.

Payment for Order Flow

JPMS may pay from time to time for certain order flow in the form of discounts, rebates, reductions of fees or credits. As a result of sending orders to certain trading centers, JPMS receives payment for order flow in the form of discounts, rebates, reductions of fees or credits. Under some circumstances, the amount of such remuneration may exceed the amount that JPMS is charged by such trading centers. This does not alter JPMS' obligations as a broker-dealer and its policy to route customer orders to the trading center where it believes clients will receive the best execution, taking into account, among other factors, price, transaction cost, volatility, market depth, quality of service, speed and efficiency.

J.P. Morgan's Use and Ownership of Trading Systems

JPMS may effect trades on behalf of program accounts through exchanges, electronic communications networks, alternative trading systems and similar execution systems and trading venues (collectively, "Trading Systems"), including Trading Systems in which J.P. Morgan has a direct or indirect ownership interest. J.P. Morgan may receive indirect proportionate compensation based upon its ownership percentage in relation to the transaction fees charged by such Trading Systems in which it has an ownership interest. An up-to-date list of all Trading Systems through which JPMS might trade and in which J.P. Morgan has an ownership interest can be found at <https://www.jpmorgansecurities.com/pages/am/securities/legal/ecn>. Such Trading Systems (and the extent of J.P. Morgan's ownership interest in any Trading System) may change from time to time.

Potential Conflicts Relating to Follow-On Investments

From time to time, JPMPI will provide opportunities to its client accounts to make investments in companies in which certain other client accounts have already invested. Such follow-on investments can create conflicts of interest, such as the determination of the terms of the new investment and the allocation of such opportunities among JPMPI's accounts. Follow-on investment opportunities may be available to client accounts with no existing investment in the issuer, resulting in the assets of a client account potentially providing value to, or otherwise supporting the investments of, other client accounts.

Use of J.P. Morgan Funds and Model Managers and Potential Conflicts of Interest

In this program, JPMPI does not invest in funds; however, in certain other advisory programs, JPMPI does invest in select affiliated funds and strategies.

Investment Principles and Potential Conflicts of Interest

Conflicts of interest will arise whenever J.P. Morgan has an actual or perceived economic or other incentive in its management of clients' portfolios to act in a way that benefits J.P. Morgan. Conflicts will result, for example (to the extent the following activities are permitted in the account): (1) when J.P. Morgan invests in an investment product, such as a mutual fund, structured product, separately managed account or hedge fund issued or managed by JPMCB or an affiliate, such as JPMIM; (2) when a J.P. Morgan entity obtains services, including trade execution and trade clearing, from an affiliate; (3) when J.P. Morgan receives

payment as a result of purchasing an investment product for a client's account; or (4) when J.P. Morgan receives payment for providing services (including shareholder servicing, recordkeeping or custody) with respect to investment products purchased for a client's portfolio. Other conflicts will result because of relationships that J.P. Morgan has with other clients or when J.P. Morgan acts for its own account.

Investment strategies are selected from both J.P. Morgan and third-party asset managers and are subject to a review process by manager research teams. From this pool of strategies, JPMPI's portfolio construction teams select those strategies JPMPI believes fits the asset allocation goals and forward looking views in order to meet the portfolio's investment objective.

As a general matter, JPMPI prefers J.P. Morgan managed strategies. JPMPI expects the proportion of J.P. Morgan managed strategies will be high (in fact, up to 100 percent) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations.

While JPMPI's internally managed strategies generally align well with JPMPI's forward looking views, and JPMPI is familiar with the investment processes as well as the risk and compliance philosophy of J.P. Morgan, it is important to note that J.P. Morgan receives more overall fees when internally managed strategies are included. In certain programs, JPMPI offers the option of choosing to exclude J.P. Morgan managed strategies (other than cash and liquidity products) in certain portfolios.

Separately Managed Accounts

Portfolios invested in individual equity or fixed income securities may be managed by JPMPI, JPMCB, or by a third-party manager, including an affiliate. When JPMPI, JPMCB or an affiliate manages these investments, there is a benefit to J.P. Morgan since it increases the overall revenue of J.P. Morgan. Additionally, a manager of a separately managed account may invest in products that may result in additional revenue to J.P. Morgan.

IMPORTANT INFORMATION ABOUT FUNDS REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED ("REGISTERED FUNDS")

J.P. Morgan Funds - Management Fees

JPMPI or its affiliates may be sponsors or managers of Registered Funds ("J.P. Morgan Funds") that JPMPI purchases for the client's portfolio. In such case, JPMPI or its affiliates may receive a fee for managing the J.P. Morgan Funds. As such, JPMPI and its affiliates will receive more total revenue when the client's portfolio is invested in J.P. Morgan Funds than when it is invested in third party funds.

J.P. Morgan Funds and Third Party Funds - Other Fees & Expenses

All J.P. Morgan Funds have various internal fees and other expenses, that are paid by managers or issuers of the J.P. Morgan Funds or by the J.P. Morgan Funds itself, but that ultimately are borne by the investor. Affiliates of JPMPI may receive administrative and servicing fees for providing services to both J.P. Morgan Funds and third party J.P. Morgan Funds that are held in the client's portfolio. These payments may be made by sponsors of J.P. Morgan Funds (including affiliates of JPMPI) but not the J.P. Morgan Funds themselves and may be based on the value of the J.P. Morgan Funds in the client's portfolio. J.P. Morgan Funds or their sponsors may have other business relationships with JPMPI outside of its portfolio management role or with the broker-dealer affiliates of the JPMPI, which may provide brokerage or other services that pay commissions, fees and other compensation.

Principal and Agency Transactions

When permitted by applicable law and JPMPI's policy, JPMPI, acting on behalf of its advisory accounts, from time to time enters into transactions in securities and other instruments with or through JPMC, and causes accounts to engage in principal transactions, cross transactions, and agency cross transactions. A "principal

transaction” occurs if JPMPI, acting on behalf its advisory accounts, knowingly buys a security from, or sells a security to, JPMPI’s or its affiliate’s own account.

A “cross transaction” occurs when JPMPI arranges a transaction between different advisory clients where they buy and sell securities or other instruments from, or to 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, JPMPI 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 JPMPI.

An “agency cross transaction” occurs if JPMC acts as broker for, and receives a commission from a client account of JPMPI 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 JPMPI’s client account. JPMPI faces potentially conflicting division of loyalties and responsibilities to the parties in such transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms. No such transactions will be effected unless JPMPI determines that the transaction is in the best interest of each client account and permitted by applicable law.

Potential Conflicts Relating to Valuation

JPMPI does not value securities in client accounts or provide assistance in connection with such valuation. JPMS, as custodian for client accounts, values securities in client accounts. There is an inherent conflict of interest where JPMS, an affiliate of JPMPI, values securities or assets in client accounts or provides any assistance in connection with such valuation and JPMS and JPMPI are receiving a fee based on the value of such assets. Overvaluing certain positions held by clients will inflate the value of the client assets as well as the performance record of such client accounts which would likely increase the fees payable to JPMS and JPMPI. As a result, there may be circumstances where JPMS is incentivized to determine valuations that are higher than the actual fair value of investments. In addition, JPMS may value identical assets differently in different accounts or funds due to, among others, different valuation guidelines applicable to such private funds or different third-party pricing vendors. Furthermore, certain units within J.P. Morgan may assign a different value to identical assets than JPMS because these units may have certain information regarding valuation techniques and models or other information relevant to the valuation of a specific asset or category of assets, which they do not share with JPMS. The various lines of business within J.P. Morgan typically will be guided by specific policies and requirements with respect to valuation of client holdings. Such policies may include valuations that are provided by third-parties, when appropriate, as well as comprehensive internal valuation methodologies.

On occasion, JPMS utilizes the services of affiliated pricing vendors for assistance with the pricing of certain securities. 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 current market quotations do not accurately reflect the value of the security.

C. Investing in Securities That JPMPI or a Related Person Recommends to Clients

JPMPI or one of its related persons may, for its own account, buy or sell securities or other instruments that JPMPI has recommended to clients or purchased or sold for its clients. As a result, positions taken by JPMPI

and its related persons may be the same as or different from, or made contemporaneously with or at different times than, positions taken for clients of JPMPI. As these situations may involve actual or potential conflicts of interest, JPMPI 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. JPMPI has also implemented monitoring systems designed to ensure compliance with these policies and procedures.

J.P. Morgan's Proprietary Investments

JPMPI, J.P. Morgan, and any of their directors, partners, officers, agents or employees, also buy, sell or trade securities for their own accounts or the proprietary accounts of JPMPI and/or J.P. Morgan. JPMPI and/or J.P. Morgan, within their discretion, may make different investment decisions and take other actions with respect to their proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, JPMPI is not required to purchase or sell for any client account securities that it, J.P. Morgan, and any of their employees, principals or agents may purchase or sell for their own accounts or the proprietary accounts of JPMPI or J.P. Morgan. JPMPI, J.P. Morgan, and their respective directors, officers and employees face a conflict of interest as they will have income or other incentives to favor their own accounts or the proprietary accounts of JPMPI or J.P. Morgan.

J.P. Morgan's Policies and Regulatory Restrictions Affecting Client Accounts

As part of a global financial services firm, JPMPI may be precluded from effecting or recommending transactions in certain client portfolios and may restrict its investment decisions and activities on behalf of its clients as a result of applicable law, regulatory requirements and/or other conflicts of interest, information held by JPMPI or J.P. Morgan, JPMPI's and/or J.P. Morgan's roles in connection with other clients and in the capital markets and J.P. Morgan's internal policies and/or potential reputational risk. As a result, client portfolios managed by JPMPI may be precluded from acquiring, or disposing of, certain securities or instruments at any time. This includes the securities issued by J.P. Morgan.

In addition, potential conflicts of interest also exist when J.P. Morgan maintains certain overall investment limitations on positions in securities or other financial instruments due to, among other things, investment restrictions imposed upon J.P. Morgan by law, regulation, contract or internal policies. These limitations have precluded and, in the future could preclude, JPMPI from including particular securities or financial instruments in its portfolios, even if the securities or financial instruments would otherwise meet the investment objectives of such portfolio. For example, there are limits on the aggregate amount of investments by affiliated investors in certain types of securities within a particular industry group that may not be exceeded without additional regulatory or corporate consent. If such aggregate ownership thresholds are reached, the ability of a client to purchase or dispose of investments, or exercise rights or undertake business transactions, will be restricted.

Potential conflicts of interest may also arise as a result of JPMPI's current policy to endeavor to manage its clients' portfolios so that the various requirements and liabilities imposed pursuant to Section 16 of the Securities Exchange Act of 1934 ("Section 16" and the "Exchange Act", respectively) are not triggered. Section 16 applies, inter alia, to "beneficial owners" of 10% or more of any security subject to reporting under the Exchange Act. In addition to certain reporting requirements, Section 16 also imposes on such "beneficial owner" disgorgement requirement of "short-swing" profits deriving from purchase and sale or sale and purchase of the security, executed within a six-month period. JPMPI may be deemed to be a "beneficial owner" of securities held by its advisory clients. Consequently, and given the potential ownership level of the various JPMPI accounts and funds managed for its clients, JPMPI may limit the amount of, or alter the timing, of purchases of securities, in order not to trigger the foregoing requirements. That means that certain

contemplated transactions that otherwise would have been consummated by JPMPI on behalf of its clients may not take place, may be limited in their size or may be delayed.

Furthermore, J.P. Morgan has adopted policies and procedures reasonably designed to ensure compliance generally with economic and trade sanctions-related obligations applicable to its activities (although such obligations are not necessarily the same obligations that its clients may be subject to). Such economic and trade sanctions prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. These economic and trade sanctions, and the application by JPMPI of its compliance policies and procedures in respect thereof, may restrict or limit an advisory account's investment activities. In addition, J.P. Morgan from time to time subscribes to or otherwise elects to become subject to investment policies on a firm-wide basis, including policies relating to environmental, social and corporate governance. JPMPI may also limit transactions and activities for reputational or other reasons, including when J.P. Morgan is providing or may provide advice or services to an entity involved in such activity or transaction, when J.P. Morgan or a client is or may be engaged in the same or a related activity or transaction to that being considered on behalf of the advisory account, when J.P. Morgan or another account has an interest in an entity involved in such activity or transaction, or when such activity or transaction on behalf of or in respect of the advisory account could affect J.P. Morgan, JPMPI, their clients or their activities. J.P. Morgan may become subject to additional restrictions on its business activities that could have an impact on Program client account activities. In addition, JPMPI may restrict its investment decisions and activities on behalf of particular advisory accounts and not other accounts.

D. Conflicts of Interest Created by Contemporaneous Trading

Conflicts Related to the Advising of Multiple Accounts

Certain portfolio managers of JPMPI manage or advise multiple client accounts, investment vehicles or portfolios. These portfolio managers are not required to devote all or any specific portion of their working time to the affairs of any specific client. Conflicts of interest do arise in allocating management time, services or functions among such clients, including clients that may have the same or similar type of investment strategies. JPMPI addresses these conflicts by disclosing it to clients and through its supervision of portfolio managers and their teams. Responsibility for managing JPMPI'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 generally tend to be similar across client portfolios with similar strategies. However, JPMPI faces conflicts of interest when JPMPI's portfolio managers manage accounts or portfolios with similar investment objectives and strategies. For example, investment opportunities that may potentially be appropriate for certain clients may also be appropriate for other groups of clients, and as a result client accounts may have to compete for positions. There is no specific limit on the number of accounts which may be managed or advised by JPMPI or its related persons. JPMPI has controls in place to monitor and mitigate these potential conflicts of interest.

Also it is JPMPI'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 JPMPI's other client accounts may at any time hold, acquire, increase, decrease, dispose of, or otherwise deal with positions in investments in which another client account may have an interest from time to time. For instance, due to differences in investment strategies, JPMPI might sell a security for a client at the same time that it might hold or purchase the same security for a different client.

Positions taken by a certain client account can also dilute or otherwise negatively affect the values, prices or investment strategies associated with positions held by a different client account. For example, this can occur when investment decisions for one client are based on research or other information that is also used to support portfolio decisions by JPMPI or an affiliate for a different client following the same, similar, or different investment strategies or by an affiliate of JPMPI in managing its clients' accounts. When a portfolio decision or strategy is implemented for an account ahead of, or contemporaneously with, similar portfolio

decisions or strategies for JPMPI or an affiliate's other client (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints or other factors could result in one account being disadvantaged or receiving less favorable investment results than the other account, and the costs of implementing such portfolio decisions or strategies could be increased.

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. Furthermore, if JPMPI or an affiliate manages accounts that engage in short sales of securities in which other accounts invest, JPMPI or its affiliate 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.

Certain Other Trading Related Conflicts of Interest

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, and 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 JPMPI'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. There is no specific limit as to the number of accounts that may be managed or advised by JPMPI or its related persons. JPMPI has controls in place to monitor and mitigate against these potential conflicts of interest.

Conflicts Related to Allocation and Aggregation

Potential conflicts of interest also arise involving both the aggregation of trade orders and allocation of securities transactions or investment opportunities. Allocations of aggregated trades and allocation of investment opportunities raise a potential conflict of interest because JPMPI has an incentive to allocate trades or investment opportunities to certain accounts or funds. Fees for accounts managed by affiliates ("Affiliate Accounts") are generally higher than fees for the program. In addition, the assets under management for individual Affiliate Accounts are generally higher than the assets under management for individual program accounts. Therefore, affiliates can receive more gross compensation with respect to Affiliate Accounts than JPMS and JPMPI receive from program accounts. This may create a potential conflict of interest for JPMPI and its affiliates or the portfolio managers by providing an incentive to favor these Affiliate Accounts as to time spent managing such accounts, placing securities transactions or when allocating securities to clients. JPMPI has established policies, procedures and practices to manage the conflicts described above.

ITEM 12

Brokerage Practices

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

Broker Selection

JPMPI selects brokers for the execution of transactions for client accounts in accordance with its best execution policies and procedures. In making decisions about best execution, JPMPI considers some of the factors below, including:

- The execution venues available for such instruments
- Price, costs, and commission rates charged
- Speed of execution or priority placed upon an order by the portfolio manager or client
- Likelihood of execution and settlement
- Relative size of the order
- Consistent quality of overall service from the counterparty

When assessing the relative importance of these factors, JPMPI will also consider the characteristics of the client, the client's order, and the financial instruments that are subject of the order and the execution venues to which that order can be directed.

1. Research and Other Soft Dollar Benefits.

JPMPI does not receive research or other soft dollar benefits in connection with client transactions in C-BoS.

2. Brokerage for Client Referrals.

JPMPI does not compensate persons for client referrals to C-BoS.

3. Directed Brokerage.

Clients are not permitted to direct brokerage in C-BoS.

B. Order Aggregation

JPMPI generally aggregates contemporaneous purchase or sale orders of the same security across multiple client accounts (the "Participating Accounts"). Pursuant to JPMPI's trade aggregation and allocation policies and procedures, JPMPI determines the appropriate facts and circumstances under which it will aggregate trade orders depending on the particular asset class, investment strategy or type of security or instrument and timing of order flow and execution.

When Participating Accounts' orders are aggregated, the orders will be placed with JPMS or if best execution can be achieved by executing away, it will be placed with one or more broker-dealers or other counterparties for execution. When a bunched order or block trade is completely filled, JPMPI generally allocates the securities or other instruments purchased or the proceeds of any sale pro-rata among the Participating Accounts, based on such accounts' relative size. Adjustments or changes may be made and allocations may be made on a basis other than pro-rata under certain circumstances such as to avoid odd lots or small allocations or to satisfy account cash flows or to comply with investment guidelines. In addition, if the order is filled at several different prices, through multiple trades, generally all Participating Accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. JPMPI portfolio managers place trades for certain clients simultaneously with the trading activities of other clients (including certain clients of JPMCB and other related persons). These activities will be executed through the appropriate trading desk generally in accordance with JPMPI's trading policies and procedures.

In order to minimize potential execution costs arising from the market impact of trading the same securities, JPMPI can implement trade order volume controls. Where wrap program account orders coincide with the trade orders for other clients of JPMPI, JPMCB, and JPMIM, the wrap program account order flow will be subject to the previously mentioned order volume controls and will be delayed if such controls are binding. In the course of monitoring the above-noted trading activities, JPMPI attempts to ensure that its clients are treated fairly and equitably over time.

Orders for different strategies or programs managed by JPMPI are not aggregated if portfolio management decisions relating to the orders are made separately or if aggregating orders is not practicable from an

operational or other perspective. In addition, certain JPMPI portfolio managers manage similar strategies that are available through JPMPI's affiliates and that are not aggregated with orders for clients invested in this program. In some instances, trading restrictions imposed by client guidelines might 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.

Where transactions for a client's account are not aggregated with orders for other accounts, pricing received by that client may differ. Executing brokers may be permitted to trade along with client orders, subject to applicable law.

For the primary market, before entering an order to purchase a security, the portfolio manager will decide and indicate the participating client accounts and the intended allocation for each of those clients' accounts based on each client's Customized Portfolio (the "Initial Indication"). The Initial Indication is not dependent on the individual account size, but on what the portfolio manager decides is necessary for the account. If not enough of a security is available for purchase to meet the aggregate order for all relevant C-BoS accounts based on all Initial Indications (a "Partial Order"), JPMPI generally seeks to allocate securities to C-BoS accounts on a *pro-rata* basis based on the Initial Indication for the relevant C-BoS accounts (and not the individual C-BoS account size), generally subject to rounding. At any future time, if cash is remaining in one or more C-BoS accounts, the portfolio manager can make a determination to buy bonds or securities in the Secondary Market following JPMPI's trade aggregation and allocation policies and procedures, as described above.

The portfolio manager generally takes a "buy and hold" approach for C-MAP and C-TAX (with the general intention to hold the bonds to maturity) while maintaining ongoing credit oversight. As a result, the bonds in the C-MAP and C-TAX portfolios generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. The portfolio manager in its discretion can decide to sell a bond in a C-MAP or C-TAX account for the following reasons: the credit team determines that the bonds are no longer a desirable investment (a "credit call"), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale (e.g., to raise cash or recognize a taxable gain or loss, as applicable). With respect to C-PREP, the portfolio manager generally takes an active approach in trading securities in the portfolio and may, in its discretion, sell for a variety of tactical reasons in addition to a credit call. In the event a credit call is made with respect to a particular security for C-MAP, C-TAX or C-PREP accounts, the C-BoS portfolio manager will seek to sell out of that security at the same time. In circumstances where the security cannot be sold in its entirety, such as due to insufficient liquidity, partial sales will be allocated on a *pro rata* basis, generally subject to rounding. With respect to C-PREP tactical sales of securities, JPMPI will aggregate orders where appropriate at the discretion of the portfolio manager and in compliance with JPMPI's policies and procedures.

Trade Errors

Trade errors and other operational mistakes occasionally occur in connection with JPMPI's management of client accounts. JPMPI is subject to policies and procedures that address the identification and correction of trade errors. Errors can result from a variety of situations including, situations involving portfolio management (e.g., inadvertent violation of investment restrictions) trading, processing or other functions (e.g., miscommunication of information, such as wrong number of securities, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.).

JPMPI's policies and procedures require that all errors affecting a client's account be resolved promptly and fairly. Under certain circumstances, JPMPI may consider whether it is possible to adequately address an error through cancellation, correction, reallocation of losses and gains or other means. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

JPMPPI makes its determinations pursuant to its error policies on a case-by-case basis, in its discretion, based on factors it considers reasonable. Relevant facts and circumstances JPMPPI may consider include, among others, the nature of the service being provided at the time of the incident, whether intervening causes, including the action or inaction of third parties, caused or contributed to the incident, specific applicable contractual and legal restrictions and standards of care, whether a client's investment objective was contravened, the nature of a client's investment program, whether a contractual guideline was violated, the nature and materiality of the relevant circumstances, and the materiality of any resulting losses.

JPMPPI's policies and procedures generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by JPMPPI. Therefore, not all mistakes will be considered compensable to the client. Imperfections in the implementation of investment decisions, quantitative strategies, financial modeling, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement, imperfection in processing corporate actions, or imperfection in the generation of cash or holdings reports resulting in trade decisions may not constitute compensable errors, depending on the facts and circumstances. For example, imperfections in the implementation of investment strategies, including quantitative strategies (e.g. coding errors), that do not result in material departures from the intent of the portfolio manager will generally not be considered compensable errors. In addition, in managing accounts, JPMPPI may establish non-public, formal or informal internal targets, guidelines or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error.

ITEM 13

Review of Accounts

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

JPMPPI creates guidelines and periodically reviews the C-MAP, C-TAX and C-PREP accounts, including the underlying holdings of such accounts, in an effort to ensure that each C-BoS account aligns with its Customized Portfolio. JPMPPI reviews individual client accounts for adherence with the guidelines.

The information in this brochure does not include all the specific review features associated with each of these strategies. Clients are urged to ask questions regarding JPMS' or JPMPPI's review process applicable to a particular strategy, to read all product-specific disclosures, and to 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

JPMPPI portfolio managers perform a review of an individual client account on an other than periodic basis upon a client inquiry or request relating to the account, including but not limited to a change to the client's Customized Portfolio, the addition or withdrawal of funds by the client in the C-BoS account as bonds mature, a credit sale or a corporate action.

C. Content and Frequency of Account Reports to Clients

JPMPPI does not provide performance reports or account statements to C-BoS clients. Clients receive written account statements from the custodian at least quarterly and also receive written quarterly performance reports from JPMS.

ITEM 14

Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

No person who is not a client provides an economic benefit to JPMPI for providing investment advice or other advisory services to C-BoS accounts. Notwithstanding the forgoing and subject to compliance with applicable law, JPMPI derives ancillary benefits from providing investment advisory services to clients. For example, providing such advisory services to clients generally helps JPMPI enhance its relationships with various parties and facilitate additional business development, and also enables JPMPI and its related persons to obtain additional business and generate additional revenue. In addition, J.P. Morgan may derive ancillary benefits from certain decisions made by JPMPI on behalf of clients. While JPMPI makes decisions for its clients in accordance with its obligations to manage the assets in the best interests of its clients, the fees, allocations, compensation, and other benefits to J.P. Morgan arising from those decisions may be greater as a result of certain investment or other decisions made by JPMPI on behalf of its clients than they would have been had other decisions been made which also might have been appropriate for the clients.

The Code of Conduct does not permit employees to accept anything of value personally 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

Neither JPMPI nor any related person of JPMPI directly or indirectly compensates any person who is not its supervised person for client referrals to C-BoS.

ITEM 15

Custody

JPMPI generally does not maintain physical custody of client 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, JPMPI may be deemed to have custody of client assets under certain circumstances.

JPMPI might be deemed to have custody of clients' assets in the C-BoS accounts available through C-BoS because JPMS directly or indirectly holds clients' funds or securities or has authority to obtain possession of them. Clients will receive account statements at least quarterly directly from their qualified custodian and should carefully review such account statements. Clients may also receive account statements from JPMS. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from JPMS. If clients do not receive statements at least quarterly from their qualified custodian in a timely manner, they should contact JPMS immediately.

ITEM 16

Investment Discretion

JPMPI has full discretionary authority, to be exercised in its exclusive judgment and consistent with the strategy selected by the client, to determine the allocation of assets in the C-MAP, C-TAX and C-PREP strategies available through C-BoS.

JPMS and the client execute an investment advisory agreement authorizing JPMPI to act on behalf of the account. Execution of such agreement authorizes JPMPI 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.

ITEM 17

Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

JPMPI will not vote proxies (or give advice about how to vote proxies) relating to securities or other property currently or formerly held in a client's account. Unless a client otherwise directs in writing and such instruction is transmitted to JPMPI, JPMPI will receive and respond to corporate actions with respect to securities in a client's account, such as: any conversion option; execution of waivers, consents, and other instruments; and consents to any plan of reorganization, merger, combination, consolidation, liquidation, or similar plan. JPMPI may, in its sole discretion, delegate this responsibility to a service provider. Each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities, or other investments held in the client's account or the issuers thereof. JPMPI is not obligated to render any advice or take any action on a client's behalf regarding securities or other property held in the client's account, or the issuers thereof, which become the subject of any legal proceedings, including without limitation, bankruptcies and shareholder litigation, to which any securities or other investments held or previously held in the account, or the issuers thereof, become subject. In addition, JPMPI is not obligated to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, on behalf of a client's account, including with respect to transactions, securities, or other investment held or previously held, in the client's account or the issuers thereof.

ITEM 18

Financial Information

JPMPI does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. JPMPI is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has JPMPI been the subject of a bankruptcy petition at any time during the past ten years.