

FORM ADV, PART 2A
FIRM BROCHURE

J.P. Morgan Private Investments Inc.
Strategic Investment Services Program

File No. 801-41088

270 Park Avenue
New York, New York 10017
212-464-2070
www.jpmorgan.com

March 30, 2018

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 Brochure. Certain disclosures throughout this Brochure have been re-organized and enhanced. Clients should carefully review this Brochure in its entirety. Additionally, effective May 1, 2018, JPMPI will be responsible for implementation services that are currently being performed by affiliates of JPMPI. In particular, JPMPI has updated, enhanced or expanded disclosures in the following areas:

- Item 4 – Advisory Business
 - *Wrap Fee Programs* - this item has been expanded to include additional description of the operation of wrap programs and the circumstances under which JPMPI trades away from JPMS.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
 - *Material, Significant, or Unusual Risks Relating to Investment Strategies* - this item has been expanded to include additional description of the operation of wrap programs and the circumstances under which JPMPI trades away from JPMS.
- 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 for changes to JPMPI's best execution policy and trading policy. This item also contains additional detail on JPMPI's trading of wrap strategies.
 - *Order Aggregation* - this item has been expanded to include new descriptions of JPMPI's order aggregation practices.
 - *Trade Errors* - this item has been expanded to include a discussion of trade error policies.

ITEM 3

Table of Contents

Cover Page	
ITEM 2 - Material Changes	1
ITEM 3 - Table of Contents	2
ITEM 4 - Advisory Business	3
ITEM 5 - Fees and Compensation	5
ITEM 6 - Performance-Based Fees and Side-by-Side Management	7
ITEM 7 - Types of Clients	7
ITEM 8 - Method of Analysis, Investment Strategies and Risk of Loss	7
ITEM 9 - Disciplinary Information	12
ITEM 10 - Other Financial Industry Activities and Affiliations	13
ITEM 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	16
ITEM 12 - Brokerage Practices	25
ITEM 13 - Review of Accounts	28
ITEM 14 - Client Referrals and Other Compensation	28
ITEM 15 - Custody	29
ITEM 16 - Investment Discretion	29
ITEM 17 - Voting Client Securities	29
ITEM 18 - Financial Information	30

ITEM 4
Advisory Business

A. General Description of Advisory Firm

J.P. Morgan Private Investments Inc. (“JPMPPI”), 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’ Advisory Program (the “Advisory Program”), (iii) manager of the Focused Dividend Growth (“FDG”) and Focused Tactical Equity (“FTE”) strategies offered through JPMS’ Strategic Investment Services (“STRATIS”) program, and (iv) sub-adviser to JPMS’ J.P. Morgan Core Advisory Portfolio (“JPMCAP”) program, Chase Strategic Portfolio (“CSP”) program, Mutual Fund Advisory Portfolio (“MFAP”) program, and the J.P. Morgan Digital Investing program (the “JPMDI”). In addition, JPMPPI provides certain manager research services to JPMS with respect to advisory programs where JPMPPI is not a sub-adviser. The JPMS legal entity includes two wealth management businesses: Chase Investments and J.P. Morgan Securities.

JPMPPI was incorporated on November 25, 1991. JPMPPI is a wholly-owned subsidiary of J.P. Morgan Chase & Co., which, together with its affiliates (collectively, “J.P. Morgan” or “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, JPMPPI is also affiliated with the following entities, which are also affiliates of each other as well as J.P. Morgan: JPMS, J.P. Morgan Investment Management Inc. (“JPMIM”), and J.P. Morgan Chase Bank, N.A. (“JPMCB”).

B. Description of Advisory Services

This brochure describes the advisory services that JPMPPI provides to STRATIS clients that select the FDG and FTE strategies.

Additional information about the services JPMPPI provides to its other clients and for CSP, MFAP, JPMCAP, C-BoS, JPMDI and the Advisory Program is described in separate brochures, which are 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 STRATIS, CSP, MFAP, JPMCAP, C-BoS, JPMDI, and the Advisory Program, please see the applicable JPMS Form ADV, Part 2A Appendix 1, SEC File No. 801-3702, for those programs.

STRATIS Program Overview

The J.P. Morgan Securities division of JPMS offers clients the discretionary management services of third-party portfolio managers, including affiliated portfolio managers, and provides consulting services to clients through STRATIS, a wrap fee program. Clients pay an asset-based wrap fee that covers JPMS’ consulting services, the portfolio managers’ services, and execution of transactions and custody through JPMS and its affiliates.

The STRATIS program offers clients the ability to choose managers and investment strategies based on their investment objectives and suitability. At the client’s request, JPMS identifies and presents each client with one or more portfolio managers and investment strategies that appear to be suitable for the STRATIS

assets from among those that JPMS periodically reviews and makes available through STRATIS. JPMS identifies these portfolio managers and strategies based on the information the client provides to JPMS, including the investment objective(s) for the STRATIS assets provided by the client. At the client's request, JPMS will also assist clients in allocating the STRATIS assets to each investment strategy selected.

Although JPMS will identify suitable portfolio managers and strategies, clients are responsible for selecting the portfolio managers and strategies for their accounts. If more than one strategy is selected, the client is also responsible for allocating the STRATIS assets between or among strategies. JPMS will notify each portfolio manager of the client's selection of the portfolio manager and the applicable strategy. JPMS will also provide the portfolio manager with information about the client and the account. After receiving the information, the portfolio manager may in its sole discretion accept or reject the client's account. If a portfolio manager accepts a client's account, the portfolio manager will manage it on a discretionary basis. JPMS may in its sole discretion refuse to allow a client to utilize a particular portfolio manager or investment strategy through STRATIS.

For more information about STRATIS, please see the JPMS Form ADV, Part 2A Appendix 1 (Consulting Services Program Brochure) for STRATIS.

Portfolio Management of the FDG and FTE Strategies

JPMPI acts as the portfolio manager of two strategies in STRATIS: the FDG strategy and the FTE strategy. JPMPI provides discretionary investment management services to those clients in STRATIS who select the FDG or FTE strategy. JPMPI, as portfolio manager of the FDG or FTE strategies, is responsible for securities selection and determining portfolio construction. JPMPI is also responsible for evaluating the FDG and FTE strategies on an ongoing basis, as described below in Item 8. JPMS clients may select the FDG and/or FTE strategies based on their investment objectives and suitability.

C. Availability of Customized Services for Clients in STRATIS

Clients can place reasonable restrictions on the purchase or sale of certain securities for their STRATIS accounts. JPMPI can reject any requested restrictions that are unreasonable. JPMS will communicate any requested restrictions to the implementation team. JPMPI can reject a restriction or the account if JPMPI deems the restriction to be unreasonable. Any restrictions on the management of an account may cause the account to perform differently than similar unrestricted accounts.

Currently implementation services (including implementing client-imposed restrictions) described in this Brochure are performed by affiliates of JPMPI. Effective May 1, 2018, these services will be performed by JPMPI.

D. Wrap Fee Programs

JPMPI's investment advisory services are available to clients through the FDG and FTE strategies available in STRATIS, a "wrap fee" program sponsored by JPMS. A wrap fee program generally is an investment advisory program under which a client pays a single, all-inclusive (or "wrap" or "bundled") fee to an adviser (here, JPMS) for investment advisory services, custody and reporting services, and the execution of client transactions. See Item 5 for information regarding additional fees and expenses. The sponsor typically pays JPMPI a fee based on the assets of clients invested in the applicable JPMPI strategy in the wrap program.

JPMS has primary responsibility for client communications and account administration; notifying JPMPI of client selections and requested restrictions; arranging for payment of JPMPI's advisory fees on behalf of the client; monitoring and evaluating JPMPI's investment advisory services; executing trades placed with JPMS; and providing custodial services for the client's assets, in exchange for a single fee paid by the client to JPMS.

JPMPPI, as the portfolio manager for the FDG and FTE strategies, is responsible for making investment decisions regarding the selection of investments and the total amount of securities bought and sold for such accounts, and can do so without consultation with clients. Clients generally authorize and direct each selected portfolio manager to effect transactions for the account(s) directly through JPMS, subject to the portfolio manager's duty to seek best execution. JPMS will ordinarily provide clearing, settlement, and custodial services with respect to transactions and assets in STRATIS accounts.

The same JPMPPI personnel who manage the FDG and FTE strategies available through STRATIS also manage other accounts for JPMPPI and for affiliates of JPMPPI, including JPMCB. Some of these other accounts have the same or substantially similar investment objectives, and follow similar strategies to those used by, the FDG and FTE strategies available through STRATIS ("Similar Accounts"). For example, the FDG and FTE strategies available through STRATIS are also available through the Advisory Program and are made available by JPMCB. Accounts invested in the FDG or FTE strategies available through STRATIS may not be handled identically to Similar Accounts. Transactions may be implemented in Similar Accounts on behalf of clients of JPMPPI or JPMCB, but that may not actually be implemented in the accounts invested in the FDG or FTE strategies available through STRATIS. JPMPPI and/or its affiliates may receive more compensation with respect to Similar Accounts than it or its affiliates receive from the accounts invested in the FDG or FTE strategies available through STRATIS. This may create a potential conflict of interest for JPMPPI and its affiliates or the portfolio managers by providing an incentive to favor these Similar Accounts when, for example, placing securities transactions.

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

E. Assets Under Management

JPMPPI provides discretionary investment management services to those clients in STRATIS who select the FDG or FTE strategies. As of December 31, 2017, JPMPPI managed approximately \$65.6 million of assets in STRATIS on a discretionary basis.

Outside of STRATIS, as of December 31, 2017, JPMPPI managed approximately \$78.9 billion of assets on a discretionary basis and approximately \$22.5 billion of assets on a non-discretionary basis.

ITEM 5

Fees and Compensation

A. Advisory Fees and Compensation

JPMS pays to JPMPPI for its advisory services in the FDG and FTE strategies a portion of the fees JPMS receives from STRATIS clients that have selected those strategies. JPMPPI receives a fee of 0.45% annually. There is no performance fee.

B. Payment of Fees

JPMS deducts fees for STRATIS from client accounts each calendar quarter in advance. Please see the JPMS Form ADV, Part 2A Appendix 1 (Consulting Services Program Brochure) for STRATIS for additional information.

Wrap clients should review the terms and conditions of the wrap program or contact the sponsor regarding fees and billing arrangements. JPMPPI does not bill wrap clients or deduct fees directly from such client's wrap accounts. In general, the sponsor deducts fees from the client's wrap accounts, and the sponsor compensates JPMPPI for its advisory services. Certain wrap clients are invested directly or indirectly in funds managed by affiliates of JPMPPI and from which JPMPPI affiliates receive additional compensation.

C. Additional Fees and Expenses

The wrap fee clients pay to JPMS does not include transfer taxes, wire transfer fees, individual retirement account (“IRA”) and retirement plan account fees, American depositary receipt (“ADR”) related fees, or any other fees that would reasonably be assessed to a brokerage account. In addition, the wrap fee paid to JPMS does not cover certain costs or charges that may be imposed by JPMS or third parties, including margin interest, 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. Further, the wrap fee does not cover “dealer spreads” that JPMS or its affiliates or other broker-dealers may receive when acting as principal in certain transactions.

In choosing to open a wrap account, wrap clients should also be aware that JPMPI offers a variety of investment strategies that may, at various times, experience higher or lower portfolio “turnover” of investment securities held in the portfolio. Wrap clients investing in a strategy during a period with lower investment turnover may in turn find themselves paying a disproportionately high fee for execution services as part of their bundled fee arrangement, relative to if they were paying brokerage on a per transaction basis due to the low turnover of securities held within a strategy.

In managing the FDG and FTE strategies available through STRATIS, JPMPI will generally place orders for client accounts with JPMS for execution because the wrap fee paid by each client includes commissions and certain transaction charges on trades executed through JPMS. JPMPI may execute trades through a broker-dealer other than JPMS (including in transactions referred to as “step-out” transactions) when JPMPI reasonably believes doing so will allow it to seek best execution. This can include, for example, situations where JPMPI believes that any added transaction or other charges of trading through another broker-dealer can be offset by a more favorable execution offered by that broker-dealer. For orders placed with broker-dealers other than JPMS, the trade confirmation issued by JPMS with the details of the trade will typically show a price for the traded security that is inclusive (i.e., net) of the commission, commission equivalent (mark-up/mark-down), or other charge paid by the client to the other broker-dealer. Unless JPMPI provides JPMS with the appropriate information on a timely basis, the amount of any such additional costs typically will not be broken out or otherwise shown separately on the trade confirmations JPMS provides. For more information on trades away from JPMS, please refer to additional disclosures on the JPMS separate website, available at www.chase.com/managed-account-disclosures.

To the extent that any securities or other assets used to establish a wrap account may be sold to bring the account into alignment with the investment strategy selected by the client, the client will be responsible for payment of any taxes due. Clients should consult their tax adviser or accountant regarding the tax treatment of their account under a wrap program.

In certain instances, wrap clients may request to engage in trades intended to offset capital gains tax liability. Such tax loss harvesting trades are subject to the sponsors or JPMPI’s policies regarding minimum size of the trade, timing and format of the request. As part of its policy the account trading may be limited, depending on strategy, and the maximum amount of losses permitted in an account. Generally, if the policies are satisfied, tax loss harvesting trades are processed on a best efforts basis. Tax loss harvesting trades typically receive a lower priority than cash flow trades, trades to fund new accounts, trades to liquidate securities in connection with account terminations and block trades. As such, there may be a delay between a wrap client’s tax loss harvesting request and its execution, and requests received after a communicated deadline, may not be executed before year end.

There are no additional fees and expenses payable to JPMPI with respect to STRATIS. Please see the JPMS Form ADV, Part 2A Appendix 1 (Consulting Services Program Brochure) for STRATIS for additional information.

D. Prepayment of Fees

See Item 5.B.

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 or service fees from the sale of mutual funds.

ITEM 6

Performance-Based Fees and Side-by-Side Management

This Item is not applicable to this advisory program.

ITEM 7

Type of Clients

JPMS offers the FDG and FTE strategies in STRATIS to individuals, trusts, estates, corporations and other business entities, foundations, and endowments. Investment companies, banks, thrift institutions, retirement accounts and qualified retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or Section 4975 of the Internal Revenue Code of 1986 generally are not permitted to invest in the FDG and FTE strategies in STRATIS. Clients invested in the FDG or FTE strategies available through STRATIS must have a brokerage account with JPMS.

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 or FDG FTE strategies available through STRATIS is typically \$100,000 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 an 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.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods 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 JPMPPI 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 JPMPPI'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.

JPMPPI utilizes different methods of analysis that are tailored for the FDG and FTE strategies available in STRATIS. 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 JPMPPI 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 FDG and FTE Strategies Available Through STRATIS

JPMPPI provides discretionary investment management services to those clients in STRATIS who select one or more of the FDG and FTE strategies. The FDG and FTE strategies seek to address specific investment objectives, provide exposure to targeted asset classes, capture timely market opportunities, and/or address specific client objectives through actively managed portfolios. Portfolio managers construct portfolios to implement investment views within the FDG and FTE guidelines and consistent with its investment objectives. Portfolio managers may seek to determine their initial and ongoing portfolio positioning at a sector, or sub-sector level, in order to capture opportunities or limit risks while managing the portfolio within respective guidelines.

The FDG strategy seeks to allocate to concentrated equity investments expected to produce current income and capital gains over a longer-term horizon. The FTE strategy seeks to provide a concentrated, all-cap opportunistic strategy that invests in equities trading at compelling valuations versus historical averages, peer universe, and potential earnings power.

Portfolio managers identify specific securities to use within a strategy that reflect the portfolio manager's investment view within such strategy's investment guidelines and portfolio objectives. An internal governance forum provides ongoing oversight of the FDG and FTE strategies to review compliance with strategy-specific guidelines and metrics.

JPMPPI Review Process for the FDG and FTE Strategies Available in STRATIS

JPMPPI's strategies in STRATIS are not subject to the same review process as other portfolio managers in STRATIS and their strategies. All strategies in STRATIS are subject to an initial and ongoing internal review process by J.P. Morgan. However, the review process for JPMPPI's strategies in STRATIS does not involve the same personnel, and does not follow the same governance procedure for placing a strategy on probation or terminating ongoing monitoring and oversight responsibilities for a strategy. J.P. Morgan does have a

process for taking action on JPMPPI's strategies in STRATIS if warranted as a result of its ongoing internal review process.

Potential Conflicts of Interest in J.P. Morgan's Research and Review of the STRATIS Strategies

For the STRATIS program, JPMS may consider strategies managed by JPMPPI, a J.P. Morgan affiliate, or unaffiliated third parties, and will rely on review of portfolio managers and their investment strategies conducted by J.P. Morgan. For more information about STRATIS, please see the JPMS Form ADV, Part 2A Appendix 1 (Consulting Services Program Brochure) for STRATIS. JPMS has a conflict in making JPMPPI and JPMIM-managed strategies available in the STRATIS program or has a conflict in terminating such strategies because J.P. Morgan receives more overall revenue when these strategies are chosen by clients.

In addition, with respect to the JPMPPI-managed strategies (i.e., the FDG and FTE strategies) the internal review process that J.P. Morgan follows in reviewing the manager 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 or third parties that may outperform the JPMPPI-managed strategies made available in the STRATIS program.

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 JPMS upon request or at the SEC's website at www.adviserinfo.sec.gov.

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

The FDG and FTE strategies available through STRATIS in which clients may invest generally will invest in individual securities. Set forth below are some of the material risk factors that are often associated with the investment strategies and types of investments relevant to the FDG and FTE strategies. The information included below does not identify every potential risk associated with each such strategy. Clients are urged to ask JPMS questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures, and determine whether a particular strategy is suitable for their account in light of their specific circumstances, investment objectives, and financial situation.

General Portfolio Risks

Many of the risks defined below apply to assets within the program accounts.

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.

Equity Investments

When investing in equity securities (such as stocks), such strategies 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.

When investing in growth equity securities, the portfolio manager attempts to identify companies that it believes will experience rapid earnings growth relative to value or other types of stocks. The value of these stocks generally is much more sensitive to current or expected earnings than stocks of other types of companies. Short-term events, such as a failure to meet industry earnings expectations, can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

When investing in value equity securities, the portfolio manager attempts to identify companies that are undervalued based on the estimate of their true worth. The portfolio manager selects stocks at prices that it believes are temporarily low relative to factors such as the company's earnings, cash flow or dividends. A value stock may decrease in price or may not increase in price as anticipated by the portfolio manager if other investors fail to recognize the company's value or the factors that the portfolio manager believes will cause the stock price to increase do not occur.

Certain strategies invest in equity securities of smaller companies. Investments in smaller companies may be riskier than investments in larger companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies may be more vulnerable to economic, market and industry changes. As a result, the changes in value of their securities may be more sudden or erratic than in large capitalization companies, especially over the short term. Because smaller companies may have limited product lines, markets or financial resources or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large capitalization companies. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize earning profits in the foreseeable future.

Active Trading

Certain strategies 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.

Model Risk

Some strategies can include the use of various proprietary quantitative or investment models. Investments selected using models may perform differently than expected as a result of changes from the factors' historical – and predicted future - trends, and technical issues in the implementation of the models, including, for example, issues with data feeds. Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based partially on historical data regarding particular economic factors and securities prices. The operation of a model, similar to other fundamental, active investment processes, may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. For a model-driven investment process – and again similar to other, fundamental, and active investment processes, there is no guarantee that the use of models will result in effective investment outcomes for clients.

Geographic and Sector Focus Risk

Certain strategies concentrate their investments in a region, small group of countries, an industry or economic sector, and as a result, the value of the portfolio may be subject to greater volatility than a more geographically or sector diversified portfolio. Investments in issuers within a country, state, geographic region, industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio may affect the overall value of the portfolio

and may cause greater losses than it would in a portfolio that holds more diversified investments.

Diversification Risk

JPMPI's asset allocation and model portfolio construction processes assume that diversification is beneficial. This concept is a generally accepted investment principle, although no amount of diversification can eliminate investment risk, and the investment returns of a diversified portfolio may be lower than a more concentrated portfolio or a single investment over a similar period.

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 JPMPI 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, 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.

Foreign Investments

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

Investments in securities of foreign issuers denominated in foreign currencies 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.

Key Personnel Risk

If one or more key individuals become unavailable to JPMPI, including any of the portfolio managers of the FDG or FTE strategies, who are important to the management of the portfolio's assets, the portfolio could suffer material adverse effects, including substantial share redemptions that could require the portfolio to sell portfolio securities at times when markets are not favorable.

Focused Portfolio Risks

An FDG or FTE strategy's portfolio may have more volatility and is considered to have more risk than a portfolio 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 portfolio's value. To the extent that the portfolio invests its assets in the securities of fewer issuers, the portfolio is subject to greater risk of loss if any of those securities lose value.

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. 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 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.

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

J.P. Morgan Distribution Services, Inc., ("JPMDS") an affiliated broker-dealer, is the distributor for the RICs and other funds offered by J.P. Morgan and used in advisory programs for which JPMPI acts as sub-adviser or portfolio manager. A description of the compensation payable to JPMDS is set forth in the applicable prospectus for the relevant fund.

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

JPMPPI, subject to applicable laws and regulations and the policies and procedures of JPMPPI. JPMPPI 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 JPMPPI places trades for those clients with JPMS. Additionally, JPMPPI 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)

JPMPPI 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. JPMPPI also acts as the investment adviser to open-end mutual funds. JPMPPI 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 JPMPPI's advisory services.

(3) other investment adviser or financial planner

JPMPPI acts as sub-adviser or portfolio manager to JPMS as described above in Item 4.

JPMPPI'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. JPMPPI often recommends and invests client accounts in J.P. Morgan affiliated funds and separately managed accounts which creates a conflict of interest because JPMPPI affiliates benefit from increased allocations to the J.P. Morgan affiliated funds 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, JPMPPI'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 JPMPPI and provide other investment and non-investment resources to JPMPPI. A substantial number of JPMPPI's supervised persons also have duties and obligations outside of JPMPPI to JPMCB and/or JPMPPI's other affiliates. Personnel sharing can result in conflicts of interest to the extent such personnel have substantive responsibilities outside of JPMPPI. For example, the resources available to JPMPPI may be impacted by such personnel's other responsibilities to JPMCB or its affiliates. In addition, it may be more difficult for JPMPPI to supervise such personnel and to monitor the communications and activities of such personnel. To the extent JPMCB or its affiliates share personnel with JPMPPI, such personnel generally will be treated as supervised persons of JPMPPI for compliance purposes with respect to that portion of their roles and responsibilities that directly relates to JPMPPI'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 JPMPI 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 JPMPI 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. JPMPI relies on these information barriers to protect the integrity of its investment process and to comply with fiduciary duties and regulatory obligations. JPMPI 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 JPMPI 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. JPMPI'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, JPMPI 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, JPMPI and/or its affiliates may decide that transactions in a particular security need to be restricted and therefore JPMPI and/or its affiliates may determine that the security should be placed on a "restricted list." While the security is on the restricted list, JPMPI 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 JPMPI from exceeding regulatory investment limitations with respect to the securities of companies in certain regulated industries, such as insurance companies and public utilities; (ii) avoiding a concentration in any particular security; (iii) buttressing an information barrier by preventing the appearance of impropriety in connection with trading decisions or recommendations; and (iv) preventing the use or appearance of the use of inside information.

B. Securities in Which JPMPI or a Related Person Has a Material Financial Interest 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 program client accounts indirectly invest or may invest. J.P. Morgan is typically entitled to compensation in connection with these activities and the program's clients will not be entitled to any such compensation. In providing services and products to clients other than program clients, J.P. Morgan, from time to time, faces conflicts of interest with respect to activities recommended to or performed for program clients 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. Program 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 addition, certain clients of J.P. Morgan may invest in entities in which J.P. Morgan holds an interest, including a collective investment trust, or other pooled investment vehicle managed by a J.P. Morgan affiliate. 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 program client account or its investments. It should be recognized that such relationships can preclude program clients from engaging in certain transactions and can also restrict investment opportunities that may be otherwise available to program clients. For example, J.P. Morgan is often engaged by companies as a financial adviser, or to provide financing or other services, in connection with commercial transactions that are indirectly potential investment opportunities for program clients. There are circumstances in which advisory accounts are precluded from participating in such transactions as a result of J.P. Morgan's engagement by such companies. J.P. Morgan reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on program clients. In addition, J.P. Morgan derives ancillary benefits from providing investment advisory, custody, administration, and other services to program clients, and providing such services to program 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 Indirectly Held in Client Accounts

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 indirectly by client accounts. Any fees or other compensation received by J.P. Morgan in connection with such activities will not be shared with Program 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.

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 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 service providers. These relationships could have the appearance of affecting or potentially influencing 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 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. As a result, positions taken by JPMPI and its related persons 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.

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**

Clients invested in this program authorize and direct JPMPI, in the client agreement, to effect transactions for their accounts through JPMS, subject to JPMPI's duty to seek best execution and JPMS' capacity and willingness to execute the transaction. Although JPMPI has discretion to select brokers or dealers other than JPMS, JPMPI generally places such trades through JPMS because the wrap fee paid by each wrap program account client only covers execution costs on trades executed through JPMS. Certain securities included in the clients portfolios can be less liquid or are traded infrequently. If faced with a liquidity constraint, to fulfill its duty to seek best execution of transactions for its clients' accounts, JPMPI can select broker-

dealers other than JPMS or its affiliates to affect a trade for a wrap program account client and any execution costs charged by other broker-dealers will be paid by the client's account.

In the event JPMPI selects brokers for the execution of transactions for client accounts, it does 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 STRATIS.

2. Brokerage for Client Referrals.

JPMPI does not compensate persons for client referrals to STRATIS.

3. Directed Brokerage.

Clients are not permitted to direct brokerage in STRATIS.

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.

Clients invested in the FDG and FTE strategies available through STRATIS can experience sequencing delays and costs associated with negative market movement. JPMPI's trading guidelines provide an established mechanism for creating a random trade rotation, which determines the order in which trade instructions are transmitted for clients of JPMPI to broker-dealers. The trade rotation is designed to ensure that no clients of JPMPI receive preferential treatment over time as a result of the timing of the receipt of trade execution instructions.

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.

Trade Errors

Trade errors and other operational mistakes occasionally occur in connection with JPMPI's management of client accounts. JPMPI has developed 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 shares, 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.

JPMPI 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 JPMPI 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.

JPMPI's policies and procedures generally do not require perfect implementation of investment management decisions, trading, processing or other functions performed by JPMPI. 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 management team will generally not be considered compensable errors. In addition, in managing accounts, JPMPI may establish non-public, formal or informal internal targets, 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

JPMPI creates guidelines and periodically reviews the FDG and FTE strategies available through STRATIS in an effort to ensure that the strategies continue to meet applicable requirements. JPMPI 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 the FDG and FTE strategies. Clients are urged to ask questions regarding JPMS' or JPMPI'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

JPMPI does not review individual client accounts on an other than periodic basis.

C. Content and Frequency of Account Reports to Clients

JPMPI does not provide performance reports to STRATIS 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 STRATIS 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 STRATIS.

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 FDG and FTE strategies available through STRATIS 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. 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 FDG and FTE strategies available through STRATIS.

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 has delegated proxy voting authority to J.P. Morgan Asset Management ("JPMAM"). To ensure that the proxies are voted in the best interests of its clients, JPMAM has adopted detailed proxy voting procedures ("Procedures") pursuant to Rule 206(4)-6 under the Advisers Act that incorporate detailed proxy guidelines ("Guidelines") for voting proxies on specific types of issues.

Most routine proxy matters will be voted in accordance with the Guidelines, which have been developed with the objective of encouraging corporate action that enhances shareholder value. Because proxy proposals

and individual company facts and circumstances may vary, JPMAM may not always vote proxies in accordance with the Guidelines.

JPMAM has retained an independent proxy voting services to vote in situations where a material conflict may exist. This includes voting any J.P. Morgan securities and shares of J.P. Morgan mutual funds held in any JPMAM client accounts.

In situations in which the Guidelines recommend a case-by-case analysis or where a vote contrary to the independent proxy voting services recommendation is considered appropriate, the Procedures require a certification and review process to be completed by appropriate investment professionals. That process is designed to identify actual or potential material conflicts of interest and ensure that the proxy vote is cast in the best interests of clients.

To oversee and monitor the proxy-voting process, JPMAM has established a proxy committee and appointed a proxy administrator in each global location where proxies are voted. The proxy committee is composed of a representative of the Proxy Administrator, senior business officers of JPMAM and representatives of each of the Legal, Compliance and Risk Management Departments. The proxy committee will meet periodically to review general proxy-voting matters, review and approve the Guidelines annually, and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues.

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

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

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

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

Clients may obtain a copy of JPMAM's Proxy Voting Procedures and information about how JPMAM voted the client's proxies by contacting their client service representative or financial advisor.

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.