

FORM ADV, PART 2A
FIRM BROCHURE

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

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

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

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

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

ITEM 2 - Material Changes

This is a new brochure created to provide information about the advisory services J.P. Morgan Private Investments Inc. provides in the Customized Municipal Bond Portfolio (“C-MAP”) and Customized Taxable Bond Portfolio (“C-TAX”) strategies offered through the Customized Bond Solutions (“C-BoS”) program.

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ITEM 4 - Advisory Business

A. General Description of Advisory Firm

J.P. Morgan Private Investments Inc. (“JPMPI”), a Delaware corporation, is a registered investment adviser that acts as a sub-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”) and Customized Taxable Bond Portfolio (“C-TAX”) strategies offered through JPMS’s Customized Bond Solutions (“C-BoS”) program, (ii) manager of the Select Advisory Strategies offered through JPMS’s Advisory Program (“Advisory Program”), (iii) manager of the Focused Dividend Growth (“FDG”) and Focused Tactical Equity (“FTE”) strategies offered through JPMS’s Strategic Investment Services (“STRATIS”) program, (iv) sub-adviser to JPMS’s J.P. Morgan Core Advisory Portfolio (“JPMCAP”) program, Chase Strategic Portfolio (“CSP”) program, and Mutual Fund Advisory Portfolio (“MFAP”) program. In addition, JPMPI provides certain manager research services to JPMS with respect to the Portfolio Manager Program (“PMP”) strategies managed by unaffiliated and certain affiliated portfolio managers that JPMS offers through the Advisory Program as well as manager research services for other strategies in other JPMS advisory programs. The JPMS legal entity includes two wealth management businesses: Chase Wealth Management and J.P. Morgan Securities.

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

B. Description of Advisory Services

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

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

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

C-BoS Program Overview

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

- The C-MAP strategy seeks to earn an income stream that is largely or fully exempt from federal as well as certain state and local income taxes, while focusing on capital preservation. The portfolio manager generally takes a “buy and hold” approach (with the general intention to hold the bonds to maturity) while maintaining ongoing credit oversight. As a result, the bonds in the portfolio generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. Although C-MAP generally takes a “buy and hold” approach, a portfolio manager in its discretion can decide to sell a bond for any of the following reasons: the credit team determines that the bonds are no longer a desirable investment (a “credit call”), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale (e.g., to raise cash or recognize a taxable gain or loss, as applicable). Clients can customize the municipal bond portfolios by selecting a duration range, a minimum credit rating, and a state preference, if any, as well as additional customizations (see Item 4, Section C for more information).
- The C-TAX strategy includes customized taxable investment grade bonds with the option to also include high yield bonds that seek to generate income. The portfolio manager generally takes a “buy and hold” approach (with the general intention to hold the bonds to maturity) while maintaining ongoing credit oversight. As a result, the bonds in the portfolio generally are not actively traded. The proceeds from maturing bonds are generally reinvested into new bond positions. Although C-TAX generally takes a “buy and hold” approach, a portfolio manager in its discretion can decide to sell a bond for any of the following reasons: the credit team determines that the bonds are no longer a desirable investment (a “credit call”), the portfolio manager restructures an account to better align with its guidelines, or the client requests a sale (e.g., to raise cash or recognize a taxable gain or loss, as applicable). Clients can customize the taxable investment grade or taxable investment grade and high yield bond portfolios by selecting a duration range and minimum credit rating, as well as additional customizations (see Item 4, Section C for more information).

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

JPMS requires clients to open a separate account for each investment strategy selected. Clients that wish to pursue multiple investment strategies as part of their overall strategy must open a separate C-BoS account for each investment strategy. In managing a C-BoS strategy, JPMPI will not consider any

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assets owned by the client outside of that particular strategy, including any assets held in other C-BoS accounts.

JPMS will provide custodial services with respect to transactions and assets in C-BoS accounts, which is included in the advisory fee. However, JPMPI will place orders in fixed income securities, including orders for C-BoS accounts, with broker-dealers other than JPMS. For these fixed income trades, clients will incur a mark-up, mark-down or spread charged by the other broker-dealer that is not covered by the advisory fee.

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

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

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

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

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

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

Clients may place reasonable restrictions on the purchase or sale of certain securities for their C-BoS accounts, subject to JPMPI's acceptance. JPMPI may reject a restriction on the account if it deems the restriction to be unreasonable. The types of restrictions available to clients can vary depending on

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whether the client participates in C-BoS through the Chase Wealth Management or J.P. Morgan Securities business of JPMS. Any restrictions on the management of a C-BoS account may cause the account to perform differently than the account would perform without the restrictions.

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

D. Wrap Fee Programs

JPMPI's portfolio management services are available to clients through the C-MAP and C-TAX strategies in C-BoS, a "advisory fee" program sponsored by JPMS. For C-BoS, a client pays a single, all-inclusive (or "advisory" or "bundled") fee to JPMS for investment advisory services, portfolio management, custody and reporting services. Clients may be able to negotiate the advisory fee with JPMS. JPMPI receives a portion of the advisory fee for its portfolio management services to C-BoS. For additional information on the advisory fee and additional fees, see Item 5.

JPMS has primary responsibility for client communications and services, arranging for payment of JPMPI's advisory fees on behalf of the client, monitoring and evaluating JPMPI's portfolio management services, and providing custodial services for the client's assets in exchange for a single fee paid by the client to JPMS.

The same JPMPI portfolio managers who manage C-BoS accounts also manage other accounts for JPMCB (the "C-BoS Portfolio Managers"). These JPMCB accounts have the same or substantially similar investment objectives and follow the same or similar strategies to those of C-BoS accounts ("Similar Accounts"). C-BoS accounts may not be handled identically to Similar Accounts. The program fee for C-BoS clients is higher than the program fee for Similar Accounts. Individual Similar Accounts generally have more assets than individual C-BoS accounts. Therefore, JPMCB receives more gross compensation with respect to Similar Accounts than JPMS and JPMPI receive from C-BoS accounts. This creates a conflict of interest for C-BoS Portfolio Managers by providing an incentive to favor these Similar Accounts as to time spent managing such accounts. In addition, JPMCB does not charge fees to Similar Accounts on uninvested cash; however, JPMS charges fees to C-BoS accounts based upon the market value of all assets held in a C-BoS account (including cash and cash alternatives)

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(see Item 5, Section B). The C-BoS Portfolio Managers have a potential conflict of interest by having an incentive to favor these Similar Accounts when, for example, placing securities transactions or when allocating securities to clients. JPMPI has policies and procedures designed to ensure that all client accounts are treated fairly (see Item 12, Section B).

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

E. Assets Under Management

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

Outside of C-BoS, as of September 30, 2017, JPMPI managed approximately \$70.3 billion in assets on a discretionary basis and approximately \$20.7 billion in assets on a non-discretionary basis.

ITEM 5 - Fees and Compensation

A. JPMPI Advisory Fees and Compensation

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

B. Payment of Fees

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

C. Additional Fees and Expenses

The advisory fee clients pay to JPMS for accounts in the C-BoS program includes investment advisory, portfolio management, custody, and reporting services. The advisory fee clients pay to JPMS does not include transaction execution fees (i.e., mark-ups, mark-downs or spreads charged by unaffiliated broker-dealers – see “Trading Away and Other Costs” below), transfer taxes, wire transfer fees, margin interest, American depositary receipt (“ADR”) related fees, or any other fees that would reasonably be assessed to a brokerage account. In addition, the advisory fee paid to JPMS does not cover certain costs

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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, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law.

Trading Away and Associated Costs

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

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

D. Prepayment of Fees

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

E. Additional Compensation and Conflicts of Interest

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

ITEM 6 - Performance-Based Fees and Side-by-Side Management

This Item is not applicable to this advisory program.

ITEM 7 - Types of Clients

JPMS offers the C-MAP and C-TAX strategies in C-BoS to individuals, trusts, estates, charitable organizations, corporations and other business entities. C-MAP and C-TAX strategies in C-BoS are not available to retirement accounts, including qualified retirement plans subject to the Employee Retirement Income Security Act of 1974. Clients invested in the C-MAP or C-TAX strategies available through C-BoS must have a brokerage account with JPMS. The minimum amount of assets required to open an account in the C-MAP or C-TAX strategies available through C-BoS is typically \$1,000,000 per account, although JPMS can, in its discretion, waive or reduce the minimum account opening size for certain clients or accounts. Clients can also invest in a version of the C-MAP strategy that offers three options to invest in either national, New York, or California bonds, and where the minimum amount required to open an account is typically \$500,000 per account (“C-MAP Select”).

ITEM 8 - Method of Analysis, Investment Strategies and Risk of Loss

A. Method of Analysis and Investment Strategies

JPMPI utilizes different methods of analysis that are tailored for the C-MAP and C-TAX strategies available in C-BoS. Set forth below are general descriptions of the primary methods of analysis that JPMPI utilizes for such strategies. These descriptions are not intended to serve as account guidelines, and are generally not intended to provide a complete investment program for a client. Neither JPMS nor JPMPI can ensure that a given strategy’s investment objective will be attained.

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

Methods of Analysis for C-TAX and C-MAP

JPMPI generally manages client C-BoS accounts following a “buy and hold” approach, with the general intention of holding bonds to maturity, while maintaining credit oversight. This process involves a team that consists of experienced research analysts, traders and portfolio managers. JPMPI’s investment

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process is research driven with a focus on fundamental analysis. The research process involves both qualitative and quantitative processes to evaluate bond issuers.

The team monitors portfolio positions and credit fundamentals. An internal governance forum provides ongoing oversight of C-BoS.

Investment Advisory Services for Other Clients

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

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

The following risks are the primary risks associated with JPMPI's management of the C-MAP and C-TAX strategies in C-BoS. However, it is impossible to identify all of the risks associated with investing. The particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies, and the types of securities held. While JPMPI seeks to manage the C-MAP and C-TAX strategies so that risks are appropriate to the strategy, it is often impossible or not desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients should carefully read all applicable informational materials and governing documents prior to selecting a strategy available in C-BoS. See Item 8.B for additional information regarding investment risks.

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, as well as risks specific to fixed income securities, and will not necessarily be profitable. Past performance of investments is not indicative of future performance.

The C-MAP and C-TAX investment strategies utilized by JPMPI depend on the requirements of the client and the investment guidelines associated with the client's account. Each strategy is subject to material risks. An account may not achieve its objective if JPMPI's expectations regarding particular securities or markets are not met.

Set forth below are some of the material risk factors that are often associated with the C-BoS investment strategies and types of investments relevant to many clients. This is a summary only. The information included in this Brochure does not include every potential risk associated with each

investment strategy or applicable to a particular client account. Clients 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.

General Portfolio Risks

General Market Risk

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in any one strategy may underperform in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation, interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.

Foreign Issuers Risk

Investments in securities of foreign issuers are subject to risks in addition to the risks of securities of U.S. issuers. These risks include political and economic risks, civil conflicts and war, greater volatility, currency fluctuations, higher transactions costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, liquidity risks, and less stringent investor protection and disclosure standards of some foreign markets. Events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in “emerging markets”. These countries may have relatively unstable governments and less-established market economies than developed countries. Emerging markets may face greater social, economic, regulatory and political uncertainties. These risks make emerging market securities more volatile and less liquid than securities issued in more developed countries.

Counterparty Risk

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

and will sustain losses.

Low Portfolio Turnover Risk

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

Regulatory Risk

There have been recent legislative, tax, and regulatory changes and proposed changes that may apply to the activities of JPMPI that may require legal, tax and regulatory changes, 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 (including any sub-advisers, administrator, transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts invest and parties with which JPMPI engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own businesses, which could result in losses to JPMPI or its clients.

While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since JPMPI does not directly control the cyber security defenses or plans of its service providers, financial intermediaries and companies in which they invest or with which they do business.

Initial Public Offering ("IPO") Risk

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

Key Personnel Risk

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

Focused Portfolio Risks

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

Currency Risk

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

Risks That Apply Primarily to Fixed Income Investments

Interest Rate Risk

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

Credit Risk

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

Government Securities Risk

Some accounts could invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac)). U.S government securities are subject to market risk, interest rate risk and credit risk. Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity. Notwithstanding that these securities are backed by the full faith and credit of the United States, circumstances could arise that would prevent the payment of principal and interest. Securities issued by U.S. government related organizations, such as Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. government and

no assurance can be given that the U.S. government will provide financial support.

High Yield Securities Risk

Clients that select the C-TAX strategy can customize its investments to invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy or financially distressed. These investments (known as junk bonds) are considered speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties and potential illiquidity.

Equity Investment Conversion Risks

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

Municipal Obligations Risk

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

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

Liquidity Risk

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

Credit Spread Risk

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

Call Risk

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

Reinvestment Risk

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

Prepayment and Extension Risk

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

C. Risks Associated with Particular Types of Securities

Please see response to Item 8.B.

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ITEM 9 - Disciplinary Information

A. Criminal or Civil Proceedings

JPMPI has no material civil or criminal actions to report.

B. Administrative Proceedings Before Regulatory Authorities

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

On December 18, 2015, JPMS and JPMCB (together “Respondents”), affiliates of JPMPI, entered into a settlement with the SEC, resulting in the SEC issuing an order (the “SEC Order”), and JPMCB entered into a settlement with the United States Commodity Futures Trading Commission (“CFTC”), resulting in the CFTC issuing an order. The Respondents consented to the entry of the SEC Order that finds that JPMS violated Sections 206(2), 206(4), and 207 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 and JPMCB violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933. The SEC Order finds that JPMCB negligently failed to adequately disclose (a) from February 2011 to January 2014, a preference for affiliated mutual funds in certain discretionary investment portfolios (the “Discretionary Portfolios”) managed by JPMCB and offered through J.P. Morgan’s U.S. Private Bank (the “U.S. Private Bank”) and the Chase Private Client (currently branded as Chase Wealth Management) lines of business; (b) from 2008 to 2014, a preference for affiliated hedge funds in certain of those portfolios offered through the U.S. Private Bank; and (c) from 2008 to August 2015, a preference for retrocession-paying third-party hedge funds in certain of those portfolios offered through the U.S. Private Bank. With respect to JPMS, the SEC Order finds, that from May 2008 to 2013, JPMS negligently failed to adequately disclose, including in documents filed with the SEC, conflicts of interest associated with its use of affiliated mutual funds in the CSP program, specifically, a preference for affiliated mutual funds, the relationship between the discounted pricing of certain services provided by an affiliate and the amount of CSP assets invested in affiliated products, and that certain affiliated mutual funds offered a lower-cost share class than the share class purchased for CSP. In addition, the SEC Order finds that JPMS failed to implement written policies and procedures adequate to ensure disclosure of these conflicts of interest. Solely for the purpose of settling these proceedings, the Respondents consented to the SEC Order, admitted to the certain facts set forth in the SEC Order and acknowledged that certain conduct set forth in the SEC Order violated the federal securities laws. The SEC Order censures JPMS and directs the Respondents to cease-and-desist from committing or causing any violations and any future violations of the above-enumerated statutory provisions. Additionally, the SEC Order requires the Respondents to pay a total of \$266,815,000 in disgorgement, interest and civil penalty.

On December 18, 2015, JPMCB also reached a settlement agreement with the CFTC to resolve its investigation of JPMCB’s disclosure of certain conflicts of interest to discretionary account clients of the U.S. Private Bank’s U.S.-based wealth management business. In connection with the settlement,

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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.

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

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

C. Material Relationships or Arrangements with Industry Participants

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

JPMPI also manages accounts on behalf of its affiliates, which creates conflicts of interest related to JPMPI's determination to use, suggest, or recommend the services of such affiliates. The particular services involved will depend on the types of services offered by the affiliate. The use of affiliates to provide services to clients and JPMPI creates certain conflicts of interest for JPMPI. Among other things, there are financial incentives for JPMPI's affiliates, including its parent company, J.P. Morgan Chase & Co., 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.

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

JPMS is dually registered as a broker-dealer and an investment adviser with the SEC. JPMS is a wholly owned subsidiary of J.P. Morgan. JPMS is also registered as a Futures Commission Merchant ("FCM") with the CFTC. JPMPI has the following material relationships with JPMS:

Certain directors and officers of JPMPI are also officers of JPMS.

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

JPMPI serves as sub-adviser to four RICs for which J.P. Morgan Investment Management Inc. ("JPMIM"), an affiliate of JPMPI, serves as investment adviser. JPMPI has entered into sub-advisory arrangements with JPMIM to provide the day-to-day investment decisions for the RICs, including the selection of mutual funds for the RICs, which may include mutual funds sponsored or managed by J.P. Morgan affiliates. Please see Section D of this Item and Item 11 for more information on material conflicts of interest relating to JPMPI's advisory services.

(3) other investment adviser or financial planner

JPMPI has separate agreements to provide advisory and sub-advisory services to certain Private Funds and RICs. JPMPI also acts as sub-adviser or portfolio manager in C-BoS, the Advisory Program, STRATIS, CSP, MFAP, and JPMCAP, which are wrap fee programs sponsored by JPMS. Please see Section D of this Item and Item 11 for more information on material conflicts of interest relating to JPMPI's advisory services.

(4) banking or thrift institution

JPMorgan Chase & Co., JPMPI's parent company is a public company that is a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve"). JPMorgan Chase & Co. is subject to supervision and regulation by the Federal Reserve and is subject to certain restrictions imposed by the BHCA and related regulations.

JPMCB is a banking institution that provides various banking, custody, or administrative services to JPMPI and funds sponsored or managed by J.P. Morgan. JPMCB and/or other affiliates of JPMCB share personnel (including investment advisory, research, legal, compliance, investor relations, marketing, technology, accounting, back office, human resources, IT, risk management, and administrative personnel) with JPMPI and provide other investment and non-investment resources to JPMPI. A substantial number of JPMPI's supervised persons also have duties and obligations outside of JPMPI to JPMCB and/or JPMPI's other affiliates. Personnel sharing can result in conflicts of interest to the extent such personnel

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have substantive responsibilities outside of JPMPI. For example, the resources available to JPMPI may be impacted by such personnel's other responsibilities to JPMCB or its affiliates. In addition, it may be more difficult for JPMPI to supervise such personnel and to monitor the communications and activities of such personnel. To the extent JPMCB or its affiliates share personnel with JPMPI, such personnel generally will be treated as supervised persons of JPMPI for compliance purposes with respect to that portion of their roles and responsibilities that directly relates to JPMPI's business.

D. Material Conflicts of Interest Relating to Other Investment Advisers

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.

ITEM 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

JPMPI has adopted a 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 conflicts of interest, as described more fully below. A copy of the Code of Ethics

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is available free of charge to any client of JPMPI upon request by contacting your client service representative or financial adviser.

Additionally, all JPMPI personnel are subject to the J.P. Morgan firmwide policies and procedures found in the J.P. Morgan 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 J.P. Morgan employees, including JPMPI personnel, are required to comply with the Code of Conduct's terms as a condition of continued employment.

(i) General

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

- Personal trading, including certain reporting and pre-clearance requirements for all personnel of JPMPI; and
- Conflicts of interest, including policies relating to restrictions on trading in securities of clients and suppliers, gifts and entertainment, political and charitable contributions, and outside business activities.

In general, the personal trading rules under the Code of Ethics require that accounts of personnel and supervised persons be maintained with a designated broker and that all trades in reportable securities for such accounts be pre-cleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. JPMPI personnel generally must obtain approval prior to engaging in most security transactions, including those issued in private placements. In addition, JPMPI personnel may be restricted from buying or selling securities issued by J.P. Morgan during certain periods throughout the year.

(ii) Information Barrier Policies

J.P. Morgan is a global financial services firm that provides a variety of services for, and advice to, many types of clients. Accordingly, some divisions of J.P. Morgan, such as investment banking and JPMPI's business, routinely have access to confidential information, which from time to time includes material, non-public information (i.e., "inside information"). In order to prevent the flow of inside information from a so-called "insider" area (e.g., investment banking business) to a "public" area of J.P. Morgan, J.P. Morgan has established informational barriers that seek to prohibit anyone in an insider

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area from communicating or distributing any non-public information to anyone in a public area. J.P. Morgan employees in insider areas are generally physically separated from employees in public 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. Participation or Interest in Client Transactions and Other Conflicts of Interest

J.P. Morgan Acting in Multiple Commercial Capacities

J.P. Morgan is a diversified financial services firm that provides a broad range of services and products to its clients and is a major participant in the global currency, equity, commodity, fixed income and other markets in which C-BoS client accounts invest or may invest. J.P. Morgan is typically entitled to compensation in connection with these activities and C-BoS clients will not be entitled to any such compensation. In providing services and products to clients other than C-BoS clients, J.P. Morgan, from time to time, faces conflicts of interest with respect to activities recommended to or performed for C-BoS client on one hand and for J.P. Morgan’s other clients on the other hand. For example, J.P. Morgan has, and continues to seek to develop banking and other financial and advisory relationships with numerous U.S. and non-U.S. persons and governments. J.P. Morgan also advises and represents potential buyers and sellers of businesses worldwide. C-BoS client accounts have invested in, or may wish to invest in, such entities represented by J.P. Morgan or with which J.P. Morgan has a banking, advisory or other financial relationship. Furthermore, in certain circumstances, J.P. Morgan persons issue recommendations on securities held in accounts advised or sub-advised by JPMPI that are contrary to the investment activities of JPMPI. In providing services to its clients and as a participant in global markets, J.P. Morgan from time to time recommends or engages in activities that compete with or otherwise adversely affect a C-BoS client account or its investments. It should be recognized that such relationships can preclude C-BoS clients from engaging in certain transactions and can also restrict investment opportunities that may be otherwise available to C-BoS clients. J.P. Morgan reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on C-BoS clients. In addition, J.P. Morgan derives ancillary benefits from providing other services to C-BoS clients, and providing such services to C-BoS clients may enhance J.P. Morgan’s relationships with various parties, facilitate additional business development and enable J.P. Morgan to obtain additional business and generate additional revenue. The following are descriptions of certain additional conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that J.P. Morgan and

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JPMPI may have in transactions effected by, with, or on behalf of its clients. In addition to the specific mitigants described further below, JPMPI has established information barriers (see Item 11, Section A) and adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, many of the activities that create these conflicts of interest are limited and/or prohibited by law, unless an exception is available.

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

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

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

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

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

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

Certain service providers to clients managed by JPMPI (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms) provide goods or services to, or have business, personal, financial or other relations with J.P. Morgan and/or JPMPI, their affiliates, advisory clients and portfolio companies. Such advisors and service providers

may be clients of J.P. Morgan and JPMPI, sources of investment opportunities, co-investors or commercial counterparties or entities in which J.P. Morgan has an investment. Additionally, certain employees of J.P. Morgan or JPMPI could have family members or relatives employed by such advisors and service providers. These relationships could influence JPMPI in deciding whether to select or recommend such service providers to perform services for its clients or investments held by such clients (the cost of which will generally be borne directly or indirectly by such clients).

Clients' Investments in Chase Deposit Sweep Accounts

C-BoS client may authorize JPMS, to the extent permitted by applicable law, to invest (i.e., "sweep") available cash balances in the client's C-BoS account in the JPMCB Deposit Account. The JPMCB Deposit Account is the default "sweep" option for C-BoS clients; that is, if the client does not affirmatively indicate the selection of one of the available alternatives, the client is deemed to have selected the Deposit Account. J.P. Morgan benefits from a client's selection of the Deposit Account because J.P. Morgan receives a stable, cost-effective source of funding. For more information on the Chase Deposit Sweep and related conflicts of interest, please see the JPMS Form ADV, Part 2A Appendix 1 C-BoS Brochure. For clients that do not select the Deposit Account, free cash balances are generally invested in shares of affiliated or unaffiliated money market funds affirmatively selected by the client. An internal J.P. Morgan governance forum reviews the cash sweep vehicles against a universe of comparable vehicles to determine that the fees are competitive.

Restrictions Relating to J.P. Morgan Directorships/Affiliations

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

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

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 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.

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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, certain accounts managed by JPMPI from purchasing particular securities or financial instruments, even if the securities or financial instruments would otherwise meet the investment objectives of such accounts. 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.

JPMPI is not permitted to use material non-public information ("MNPI") in effecting purchases and sales in public securities transactions. In the ordinary course of operations, certain businesses within JPMC may seek access to MNPI. For instance, certain syndicated loan and distressed debt strategies may utilize MNPI in purchasing loans and other debt instruments and from time to time, certain portfolio managers may be offered the opportunity on behalf of applicable clients to participate on a creditors committee, which participation may provide access to MNPI. The acquisition of MNPI on an issuer may give rise to a potential conflict of interest and other issues since JPMPI may be prohibited from rendering investment advice to clients regarding the public securities of such issuer or engaging in purchases or sales of the public securities of such issuers on behalf of clients and thereby potentially limiting the universe of public securities that JPMPI may purchase or potentially limiting JPMPI's ability to sell such securities. Similarly, where JPMPI declines access to (or otherwise does not receive or share within the Firm) MNPI regarding an issuer, JPMPI may base its investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of

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information available to JPMPI in connection with such investment decisions. In determining whether or not to elect to receive MNPI, JPMPI will endeavor to act fairly to its clients as a whole.

Furthermore, J.P. Morgan has adopted policies and procedures reasonably designed to ensure compliance generally with economic and trade sanctions-related obligations applicable directly 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 C-BoS client accounts activities. In addition, JPMPI may restrict its investment decisions and activities on behalf of particular advisory accounts and not other accounts.

Investing in Securities in Which JPMPI or a Related Person Has a Material Financial Interest

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 securities in on behalf of its clients that JPMPI and its related persons may also purchase or sell. For example, JPMS sponsors a Fixed Income Advisory Program, which includes Discretionary Fixed Income ("DFI") investment strategies managed by JPMIM portfolio managers. DFI also provides taxable investment grade and high yield as well as municipal bond portfolios to JPMS clients that employ a similar "buy and hold" (intention is to hold bonds to maturity) strategy to that of C-BoS. As a result, positions taken by JPMIM and its related persons or other affiliates of JPMPI may be the same as or different from, or made contemporaneously or at different times than, positions taken for other accounts by JPMPI. As these situations involve actual or potential conflicts of interest, JPMPI has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding pre-clearance 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.

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 own accounts or 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.

Conflicts Related to the Advising of Multiple Accounts

Certain portfolio managers of JPMPI manage multiple client accounts or investment vehicles. These portfolio managers are not required to devote all or any specific portion of their working time to the affairs of any specific clients. 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, the portfolio characteristics generally tend to be similar. However, JPMPI faces conflicts of interest when JPMPI's portfolio managers manage accounts 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. See Allocation and Aggregation below for further details on this subject.

Conflicts of Interest Created by Contemporaneous Trading

Positions taken by a certain client account may also dilute or otherwise negatively affect the values, prices or investment strategies associated with positions held by a different client account. For example, this may occur when investment decisions for one client are based on research or other

information that is also used to support portfolio decisions by JPMPI for a different client following 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's 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, JPMPI may manage accounts or hire third party managers that engage in short sales of securities in which other accounts invest. JPMPI or the third party manager that JPMPI hires 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. Also, certain private funds managed by JPMPI or its affiliates hold exclusivity rights to certain investments and therefore, other clients are prohibited from pursuing such investment opportunities.

Investments in Different Parts of an Issuer's Capital Structure

A conflict could arise when J.P. Morgan or one or more client accounts invest in different instruments or classes of securities of the same issuer than those in which other clients invest. In certain circumstances, J.P. Morgan or one or more client accounts that have different investment objectives could pursue or enforce rights with respect to a particular issuer in which other clients of JPMPI or J.P. Morgan have also invested and these activities could have an adverse effect on such other clients. For example, if J.P. Morgan or a client of JPMS holds debt instruments of an issuer and another client holds equity securities of the same issuer, and the issuer experiences financial or operational challenges, J.P. Morgan acting on behalf of itself or the client who holds the debt instrument may seek a liquidation of the issuer, whereas the other client who holds the equity securities may prefer a reorganization of the issuer. In addition, an issuer in which a client invests may use the proceeds of the client's investment to refinance or reorganize its capital structure which could result in repayment of debt held by J.P. Morgan or another client. If the issuer performs poorly following such refinancing or reorganization, the client's results will suffer whereas J.P. Morgan's and/or the other client's performance will not be affected because J.P. Morgan and the other client no longer have an investment in the issuer. Conflicts are magnified with respect to issuers that become insolvent. It is possible that in connection with an insolvency, bankruptcy, reorganization, or similar proceeding, a client will be limited (by applicable law, courts or otherwise) in the positions or actions it will be permitted to take due to other interests held or actions or positions taken by J.P. Morgan.

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, particularly trade orders that were only partially filled due to limited availability, 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. For example, JPMPI has an incentive to cause accounts it manages to participate in an offering where such participation could increase JPMPI's overall allocation of securities in that offering. Fees for C-BoS clients are higher than fees for Similar Accounts; however, the assets under management for individual Similar Accounts are generally higher than the assets under management for individual C-BoS accounts. Therefore, affiliates can receive more gross compensation with respect to Similar Accounts than JPMS and JPMPI receive from the C-MAP and C-TAX strategies available through C-BoS 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 Similar Accounts as to time spent managing such accounts. In addition, Similar Accounts do not charge fees on uninvested cash; however, C-BoS accounts charge fees based upon the market value of all assets held in a C-BoS account (including cash) (see Item 5, Section B). This may create a potential conflict of interest for JPMPI and its affiliates or the portfolio managers by providing an incentive to favor these Similar Accounts when, for example, placing securities transactions or when allocating securities to clients. JPMPI has established policies, procedures and practices to manage the conflicts described above. JPMPI's allocation and order aggregation practices are designed to achieve a fair and equitable allocation and execution of investment opportunities among its client accounts over time, and these practices are designed to comply with securities laws and other applicable regulations. See Item 12.B, Order Aggregation for a complete description of JPMPI's allocation and aggregation practices. In addition to the aforementioned policies, procedures and practices, JPMPI also monitors a variety of areas, including compliance with account guidelines, IPOs, new issue allocation decisions, and any material discrepancies in the performance of similar accounts.

Potential Conflicts Relating to Follow-On Investments

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

Please refer to Item 6, Performance-Based Fees and Side-By-Side Management, for a non-exclusive list of various factors considered in connection with allocation-related decisions for advisory accounts. Client accounts may also participate in leveraging and recapitalization transactions involving

companies in which other advisory accounts have invested or will invest. Conflicts of interest in recapitalization transactions arise between advisory accounts with existing investments in a company and advisory accounts making an initial investment in the company, which have opposing interests regarding pricing and other terms.

Potential Conflicts Relating to Valuation

JPMPI does not value securities in C-BoS accounts or provide assistance in connection with such valuation. JPMS, as custodian for C-BoS accounts, values securities in C-BoS 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. For additional information regarding affiliated pricing vendors, see Item 10.C. In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

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

ITEM 12 - Brokerage Practices

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

Broker Selection

In connection with portfolio transactions for clients for which JPMPI has discretion to select broker-dealers, the overriding objective is to obtain the best execution of purchase and sales orders. In making this determination, JPMPI considers a number of factors, including, but not limited to: the price per unit of the security, the broker's execution capabilities, the commissions charged, the broker's reliability for prompt, accurate confirmations and on-time delivery of securities, the broker-dealer firm's financial condition, the broker's ability to provide access to public offerings, as well as the quality of research services provided. If JPMPI determines in good faith that the amount of transaction costs charged by a brokerage firm is reasonable in relation to the value of the brokerage or research products or services such brokerage firm provides, JPMPI may incur transaction costs in an amount greater than the lowest costs available.

C-BoS clients invested in the C-MAP and C-TAX strategies, in the client agreement with JPMS, authorize and direct JPMPI to effect transactions for their accounts directly with unaffiliated broker-dealers, subject to the portfolio manager's duty to seek best execution. For these trades, clients will incur a mark-up, mark-down or spread charged by the other broker-dealer that is not covered by the advisory fee. See Item 5.C above for more information.

1. Research and Other Soft Dollar Benefits.

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

2. Brokerage for Client Referrals.

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

3. Directed Brokerage.

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

B. Order Aggregation

JPMPI executes trades for client accounts in the C-MAP and C-TAX strategies available through C-BoS in accordance with JPMPI's trading guidelines. Orders are placed following policies and procedures that are designed to promote the fair and equitable allocation of investment opportunities among client accounts over time, and to comply with the securities laws and other applicable regulations. For certain

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fixed income trading (as described below), JPMPI generally aggregates contemporaneous purchase or sale orders of the same security across multiple client 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 sub-strategy or type of security or instrument and timing of order flow and execution.

As described in Item 4, Section C, all C-BoS accounts are customized to the individual client's investment needs per the client's Customized Portfolio. Therefore, a particular security, whether in a Primary Issue or the Secondary Market, that the portfolio manager determines to be in accordance with one client's Customized Portfolio may not fit another client's Customized Portfolio. However, instances will arise where the portfolio manager determines that a particular security and the amount of that security is a suitable investment for multiple C-BoS accounts. According to JPMPI's trade aggregation and allocation policies and procedures, the fairness of a given allocation depends on the facts and circumstances involved, including, but not limited to, the client's investment criteria, account market value, cash position and size of the order. Allocations are made in the good faith judgment of JPMPI so that fair and equitable allocation will occur over time. In determining whether an allocation is fair and equitable, JPMPI considers account specific factors such as, availability of cash, liquidity needs of the account, and the account's Customized Portfolio.

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

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

JPMPI's Affiliates

JPMPI executes various trading strategies for certain clients simultaneously with the trading activities of other clients (including certain clients of JPMCB, affiliated investment advisers and other related persons). These activities will be executed through JPMPI's appropriate trading desk generally in accordance with JPMPI's trading policies and procedures. Indications of interest for new issues will be aggregated for clients of JPMPI and certain clients of JPMCB, and will be allocated in a manner that is intended to be fair and equitable over time in accordance with JPMPI's allocation policy. As a result, JPMPI's clients can receive a smaller allotment of securities, including fewer securities of a new issue, where there is participation by clients of JPMCB.

Trade Errors

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

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

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 manager will generally not be considered compensable errors. In addition, in managing accounts, JPMPI may establish non-public, formal or informal internal targets, guidelines or other parameters that may be used to manage risk, manage sub-advisers or otherwise guide decision-making, and a failure to adhere to such internal parameters will not be considered an error.

ITEM 13 - Review of Accounts

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

JPMPI portfolio managers periodically review the C-MAP and C-TAX accounts, including the underlying holdings of such accounts, in an effort to ensure that each C-BoS account aligns with its Customized Portfolio.

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

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

C. Content and Frequency of Account Reports to Clients

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

ITEM 14 - Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

No person who is not a client provides an economic benefit to JPMPI for providing investment advice or other advisory services to C-BoS accounts. Notwithstanding the forgoing and subject to compliance with applicable law, JPMPI derives ancillary benefits from providing investment advisory services to clients. For example, providing such advisory services to clients generally helps JPMPI enhance its relationships with various parties and facilitate additional business development, and also enables JPMPI and its related persons to obtain additional business and generate additional revenue. In addition, J.P. Morgan may derive ancillary benefits from certain decisions made by JPMPI on behalf of clients. While JPMPI makes decisions for its clients in accordance with its obligations to manage

the assets in the best interests of its clients, the fees, allocations, compensation, and other benefits to J.P. Morgan arising from those decisions may be greater as a result of certain investment or other decisions made by JPMPI on behalf of its clients than they would have been had other decisions been made which also might have been appropriate for the clients.

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

B. Compensation to Non-Supervised Persons for Client Referrals

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

ITEM 15 - Custody

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

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

ITEM 16 - Investment Discretion

JPMPI has full discretionary authority, to be exercised in its exclusive judgment and consistent with the strategy selected by the client, to determine the allocation of assets in the C-MAP and C-TAX strategies available through C-BoS. Clients execute a client agreement with JPMS to participate in C-BoS, and those that select the C-MAP and C-TAX strategies authorize JPMPI to exercise investment discretion with respect to their accounts. Clients generally have the ability in each C-MAP and C-TAX account to select from various options to customize each account (see Item 4, Section C for more details). Clients may place reasonable restrictions on the purchase or sale of certain securities for their accounts, subject to JPMPI's and JPMS's acceptance.

ITEM 17 - Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

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

ITEM 18 - Financial Information

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