

## **FORM ADV, PART 2A**

### **FIRM BROCHURE**

#### **J.P. Morgan Private Investments Inc.**

**J.P. Morgan Core Advisory Portfolio**

**Chase Strategic Portfolio**

**Advisory Program – Select Advisory Strategies**

**Strategic Investment Services Program**

**Customized Bond Solutions Program**

**Mutual Fund Advisory Portfolio**

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March 30, 2020

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 U.S. 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](http://www.adviserinfo.sec.gov).

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

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

## ITEM 2

### Material Changes

This brochure ("Brochure") is dated March 30, 2020 and is an annual update to the Brochure. Clients should carefully review this Brochure in its entirety. In particular, J.P. Morgan Private Investments Inc. ("JPMPI") has made the following material updates since the previous Brochure that was filed on December 19, 2019:

- Item 4 – Advisory Business
  - This item was updated to note that on or about May 11, 2020, clients will have the ability to restrict certain issuers, industries and other business involvement restrictions in the C-TAX strategy of C-BoS in the J.P. Morgan Securities sales channel.
  - This item was updated to note that the C-PREP strategy of C-BoS is open to new accounts.
- Item 5 – Fees and Compensation
  - This item has been updated to clarify that JPMS also pays to JPMPI a portion of the fees JPMS receives from clients for Portfolio Manager Program for research services.
- Item 7 – Types of Clients
  - This item was updated to remove the exclusion of retirement accounts from the C-TAX strategy.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss
  - This item was expanded to include a description of data and information risks, intellectual property and technology risks involved in international operations, income risk, derivatives risk, risks that apply to tax aware strategies, fund liquidity risk, fund management risk, non-diversified fund risk, completion fund risk, multi-manager risk and risks related to the C-TAX exclusionary screening, as well as to update the description of general market risks, which includes the fact that a strategy's investments may be negatively affected by certain occurrences of global events, including infectious disease epidemics.
- Item 9 – Disciplinary Information
  - This item was updated to reflect that on March 9, 2020, JPMS entered into an agreed order with the Kentucky Department of Financial Institutions. JPMS consented to the entry of the order that alleged that JPMS failed to disclose conflicts of interest arising from preferences for J.P. Morgan-managed mutual funds.
- Item 10 – Other Financial Industry Activities and Affiliations
  - This item was updated to include a description of a participating affiliate arrangement with certain foreign affiliated advisers.
  - This item was updated to clarify the disclosure related to share classes and mutual fund fees.
- Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
  - This item has been expanded to include additional conflicts of interest disclosures relating to certain asset managers owning a large percentage of J.P. Morgan.

- Item 17 – Voting Client Securities
  - This item has been expanded to clarify the relevant policies and procedures for proxy voting.

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### ITEM 3

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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 provides advisory services 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 and non-discretionary investment management services in various wrap fee programs offered through an affiliate, J.P. Morgan Securities LLC (“JPMS”).

For the JPMS wrap fee programs, JPMPI acts as a (i) sub-adviser to JPMS’ J.P. Morgan Core Advisory Portfolio program (“JPMCAP”) and Chase Strategic Portfolio program (“CSP”); (ii) manager of the Select Advisory Strategies (“SAS”) offered through JPMS’ Advisory Program (the “Advisory Program”); (iii) manager of strategies offered through JPMS’ Strategic Investment Services program (“STRATIS”); (iv) manager for JPMS’ Customized Bond Solutions program (“C-BoS”); and (v) non-discretionary adviser for JPMS’ Mutual Fund Advisory Portfolio program (“MFAP”). In addition, JPMPI provides certain Fund and SMA Manager research services with respect to certain strategies offered by JPMS.

The JPMS legal entity offers investment advisory services through three separate sales channels: Chase Wealth Management, J.P. Morgan Securities and You Invest. The Chase Wealth Management sales channel offers to its clients CSP, SAS and MFAP. The J.P. Morgan Securities sales channel offers to its clients STRATIS. C-BoS and JPMCAP are offered by both 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” or “JPMC”) is engaged in a large number of financial businesses worldwide, including banking, asset management, securities brokerage, and investment advisory services. As relevant to this Brochure, JPMPI is also affiliated with other entities, which are also affiliates of each other as well as J.P. Morgan, which include, but are not limited to, JPMS, J.P. Morgan Investment Management Inc. (“JPMIM”) and J.P. Morgan Chase Bank, N.A. (“JPMCB”).

**The below table contains certain key definitions used in this Brochure. Additional defined terms are defined throughout the Brochure itself.**

<u>Acronym</u>	<u>Definition of Acronym</u>
“ <u>ADR</u> ”	American depositary receipt
“ <u>ETFs</u> ”	Exchange-traded funds
“ <u>ERISA</u> ”	Employee Retirement Income Security Act of 1974, as amended
“ <u>Funds</u> ”	Collectively, open-end mutual funds, ETFs and Liquid Alternative Funds

<u>“IRA”</u>	Individual retirement account
<u>“J.P. Morgan Affiliated Funds”</u>	Funds sponsored or managed by J.P. Morgan including JPMPI and JPMIM
<u>“Liquid Alternative Funds”</u>	Mutual funds that hold more non-traditional investments and employ more complex strategies than traditional mutual funds
<u>“Model Managers”</u>	Investment adviser affiliated or unaffiliated with J.P. Morgan that provide model portfolios of individual securities to JPMPI as a discretionary manager
<u>“non-J.P. Morgan Funds”</u>	Funds managed by third-party asset managers unaffiliated with J.P. Morgan
<u>“Programs”</u>	The programs for which JPMPI provides investment advisory services, including JPMCAP, CSP, SAS, STRATIS, C-BoS and MFAP
<u>“SMA Managers”</u>	Both Model Managers and separately managed account investment advisers

B. Description of Advisory Services

This Brochure describes the services that JPMPI provides including: (i) the discretionary portfolio management services for JPMCAP clients, CSP clients, SAS clients, STRATIS clients and C-BoS clients; (ii) the non-discretionary advisory services for MFAP clients; and (iii) the Fund and SMA Manager research services with respect to certain strategies offered by JPMS.

Additional information about the services JPMPI provides to its other clients investing in Private Funds and RICs is described in a separate ADV brochure, which is available at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In addition, for more information on the Programs, see the applicable JPMS Form ADV, Part 2A Appendix 1, SEC File No. 801-3702, which are available at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or from JPMS upon request.

In addition, the descriptions below of the various Programs’ investment strategies are, with respect to investments in individual securities or separately managed accounts through a SMA Manager that is an SEC-registered investment adviser, qualified in their entirety by the information included in the applicable SMA Manager’s Form ADV, Part 2, which is available at the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The investment strategy descriptions below are not intended to serve as Fund, SMA Manager, or account guidelines. Neither JPMS, JPMPI, nor JPMPI’s manager solutions team (further described below) can ensure that a given strategy’s investment objective will be attained. Additionally, with the exception of the Six Circles Funds (described in Item 11.B below), for which JPMPI serves as investment adviser and Model Managers who provide model portfolios of individual securities to JPMPI as a discretionary manager, neither JPMS, JPMPI, nor JPMPI’s manager solutions team is responsible for the performance of any Fund or any SMA Manager, or for any Fund’s or SMA Manager’s compliance with its prospectus, disclosures, laws or regulations, or other matters within the Fund’s or SMA Manager’s control. Each Fund’s adviser and SMA

Manager are solely responsible for the investment strategy that they manage. JPMPI's role is described in Item 4 and Item 8 below.

## **I. JPMCAP Overview**

JPMCAP is a discretionary unified managed account program managed and offered by JPMS. In JPMCAP, client assets are invested in a manner consistent with one of the single-asset class (Managed Fixed Income and Managed Equities) or multi-asset class (Conservative, Balanced, Growth and Aggressive Growth) investment strategies made available by JPMS to clients. Assets within an investment strategy are generally invested in each asset class through one or more Funds or individual securities in accordance with one or more model portfolios provided by separate Model Managers available through JPMS, subject to the qualifications below. Clients have the option to make certain elections including municipal fixed income options (for taxable accounts) and U.S. focused options, as well as the option to use index oriented vehicles, Model Managers or non-J.P. Morgan Funds and unaffiliated Model Managers, as described further below.

Clients with at least \$250,000 in their JPMCAP accounts may elect to include Liquid Alternative Funds, subject to the qualifications below. See Item 10.D below for information on share classes of Funds available to JPMCAP clients.

Clients with at least \$750,000 in their JPMCAP accounts may also elect to have assets within an investment strategy invested in individual securities in accordance with one or more model portfolios provided by the Model Managers. At the present time, Model Managers are only available in the Chase Wealth Management sales channel and are not available in the J.P. Morgan Securities sales channel, though this may change at JPMS' discretion.

JPMPI, as sub-adviser of JPMCAP, is responsible for securities selection (including selecting Funds and Model Managers for investment) and determining portfolio construction. Funds available through JPMCAP include both J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds. A portion of the assets in certain JPMCAP models are expected to be invested in J.P. Morgan Affiliated Funds. In addition, unaffiliated and affiliated Model Managers may be evaluated and selected for JPMCAP accounts. See "Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest" in Item 11.B below for more information on the use of J.P. Morgan Affiliated Funds and affiliated Model Managers.

In managing JPMCAP, JPMPI will not consider any assets owned by the client outside of the relevant JPMCAP account, including any assets held in other JPMCAP accounts.

### **Description of Investment Strategies**

The investment strategy for a particular client is based on the client's discussion with JPMS and the client's risk tolerance. The investment strategies available in JPMCAP are Conservative, Balanced, Growth, Aggressive Growth, Managed Fixed Income and Managed Equities. The Conservative, Balanced, and Growth investment strategies are available for clients, regardless of whether they are eligible to include or have elected to include Liquid Alternative Funds or other securities through Model Managers in their accounts. The Aggressive Growth investment strategy is only available to those clients who are eligible for and have elected to include Liquid Alternative Funds in their accounts. Liquid Alternative Funds are not available in the Managed Equities or Managed Fixed Income investment strategies.

The investment strategies and types of investment options that are available based on the level of client assets in JPMCAP are summarized in the tables below. The tables do not reflect the available elections clients can make within a strategy.

### Available Investment Strategies

Client Program Assets	Available Investment Strategies*					
	Conservative	Balanced	Growth	Aggressive Growth	Managed Fixed Income	Managed Equities
\$10,000 – \$249,999	Yes	Yes	Yes	No	Yes	Yes
\$250,000 and over	Yes	Yes	Yes	Yes (if include Liquid Alternative Funds)	Yes	Yes
\$750,000 and over	Yes	Yes	Yes	Yes (if include Liquid Alternative Funds)	Yes	Yes

### Available Investments

Client Program Assets	Available Investments*			
	Mutual Funds	ETFs	Liquid Alternative Funds	Other Securities through Model Managers
\$10,000 – \$249,999	Yes	Yes	No	No
\$250,000 and over	Yes	Yes	Yes, on client election (except for Managed Fixed Income and Managed Equities)	No
\$750,000 and over	Yes	Yes	Yes, on client election (except for Managed Fixed Income and Managed Equities)	Yes, on client election for certain lines of business**

\* Does not include Legacy Models/Strategies (see description of Legacy Models/Strategies below).

\*\* At the present time, Model Managers are only available in the Chase Wealth Management sales channel and are not available in the J.P. Morgan Securities sales channel, though this may change at JPMS' discretion.

Below is a description of each JPMCAP investment strategy. For the related risks of each JPMCAP investment strategy, see Item 8 below.

#### Conservative

The Conservative investment strategy seeks to primarily preserve capital investments and generate income with a secondary goal to achieve moderate levels of capital growth. The investment strategy also aims to maintain below-moderate exposure to risk of capital loss in pursuit of this return objective.



Consistent with these objectives, a majority of the investment strategy expects to be invested in assets that tend to have a history of lower capital returns and volatility such as fixed income. To achieve a return objective that includes capital growth, a larger percentage expects to be invested in historically more volatile securities such as equities and alternative assets, than an objective focused on capital preservation alone.

### ***Balanced***

The Balanced investment strategy seeks to primarily achieve growth of capital investments and income generation with a secondary goal of principal preservation. The investment strategy also aims to maintain moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest in assets that tend to have a history of lower capital returns and volatility such as fixed income, and those with a more volatile history and upside return potential such as equities and alternative assets.

### ***Growth***

The Growth investment strategy seeks to primarily achieve growth of capital investments. The investment strategy also aims to maintain above-moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest predominantly in assets that tend to have a history of higher upside return potential and volatility such as equities and alternative assets, with a lower percentage invested in historically less volatile securities such as fixed income.

### ***Aggressive Growth***

The Aggressive Growth investment strategy seeks to first and foremost achieve growth of capital investments. The investment strategy will generally maintain high exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest predominantly in assets that tend to have a history of higher upside return potential and volatility, such as equities and alternative assets.

### ***Managed Fixed Income***

The Managed Fixed Income investment strategy seeks to generate total return through growth of capital investments and income generation. The investment strategy also aims to maintain moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest in fixed income assets, cash and cash equivalents.

### ***Managed Equities***

The Managed Equities investment strategy seeks to first and foremost achieve growth of capital investments. The investment strategy will maintain high exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest solely in equities, which tend to have a history of higher upside return potential and higher volatility. The investment strategy may also maintain exposure to cash or cash equivalents.

#### Option to Elect U.S. Focused Models

Clients have the option to elect a U.S. Focused model within an investment strategy. U.S. Focused models seek to primarily invest in the United States.

#### Option to Use Index Oriented Vehicles

Clients may elect to have their accounts (other than cash and liquidity Funds) implemented using Index Oriented Vehicles (as defined below).

Index Oriented Vehicles can either be: “Passively Managed Vehicles” which include ETFs and index mutual funds or “Actively Managed Vehicles” which include mutual funds, separately managed accounts, and investments in other securities through Model Managers. JPMPI prefers to follow an investment process that maintains the option of using a range of active and passive vehicles, some of which are Index Oriented Vehicles and some which are not.

In determining whether a particular Actively Managed Vehicle or Passively Managed Vehicle may be considered an “Index Oriented Vehicle,” JPMPI will, using research and vehicle evaluation, consider, among other things, how closely the vehicle’s historical returns track the index JPMPI is targeting for the relevant asset class as well as the cost, liquidity, complexity and potential tax efficiency of the vehicle’s strategy. The determination of whether a vehicle is an Index Oriented Vehicle is in JPMPI’s sole discretion, is subject to change, and does not guarantee that Index Oriented Vehicles will perform in line with, or in excess of, underlying indices. The election does not apply to cash and liquidity Funds.

Clients who have selected the Conservative, Balanced, Growth, or Managed Equities investment strategies, and who have not elected to include Liquid Alternative Funds or other securities through Model Managers, may elect to use Index Oriented Vehicles to implement their accounts for asset classes other than cash and liquidity Funds. The election to have an account implemented using Index Oriented Vehicles is not available for accounts invested in the Aggressive Growth or Managed Fixed Income investment strategies. This election directs JPMPI to use Passively Managed Vehicles except when, in JPMPI’s judgment, active management is expected to closely reflect an underlying index and either (i) better reflects the overall characteristics of the underlying asset class or market segment, or (ii) is necessary to implement the client’s instructions. Clients who elect to have their accounts implemented using Index Oriented Vehicles must also elect to have their accounts implemented using non-J.P. Morgan Funds and unaffiliated Model Managers.

When a client elects to implement his or her JPMCAP account using Index Oriented Vehicles, it may affect JPMPI’s ability to make investments, access asset classes, or take advantage of opportunities that are available to clients that do not make that election. As a result, performance of an account with an election will differ from the performance of other accounts without an election.

Actively managed vehicles typically charge higher management fees than passively managed vehicles. JPMPI’s preference to follow an investment process that maintains the option of using a range of active and passive vehicles presents a conflict of interest because JPMPI has the option to include more actively managed vehicles in the portfolio, which could include J.P. Morgan Affiliated Funds and J.P. Morgan Model Managers, in which case J.P. Morgan would receive more overall fees (except with respect to the Six Circles Funds and any retirement accounts investing in J.P. Morgan Affiliated Funds and Model Managers). See

“Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B below.

#### Option to Use Model Managers

When a client elects to use Model Managers, the opportunities available to such client differs from the opportunities available to clients who do not use Model Managers. As a result, performance of an account with this election can differ from the performance of other accounts without this election. Due to this election, the asset allocation in these models may be different from the asset allocation in those models without this election.

#### Option to Use non-J.P. Morgan Funds and Unaffiliated Model Managers

As described in “Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B below, JPMPI prefers J.P. Morgan Affiliated Funds and affiliated Model Managers. However, clients may elect to exclude from their JPMCAP accounts J.P. Morgan Affiliated Funds and affiliated Model Managers (except for J.P. Morgan cash and liquidity products).

When a client elects to exclude J.P. Morgan investment strategies, it can affect JPMPI’s ability to make investments, access asset classes, or take advantage of opportunities that are available to clients who do not make that election. As a result, performance of an account with an election to exclude J.P. Morgan investment strategies will likely differ from the performance of other accounts without an election.

#### Legacy Models/Strategies

In October 2018, certain JPMCB bank-managed investment accounts transferred into similar JPMS discretionary Program models and investment strategies with identical investment objectives. However, due to certain tax consequences, certain accounts continue to be invested in their existing asset allocation models and certain portfolio holdings will differ from the corresponding models and portfolio holdings offered in the Programs (“Legacy Models/Strategies”). Therefore, although the asset allocation models and portfolio management are provided by the same investment management teams, the performance of the Legacy Models/Strategies will differ from the corresponding current Program models. Legacy Models/Strategies are not available to new Program accounts. Legacy Models/Strategies trade through JPMS on a different trade implementation system than the current models and investment strategies in the Programs. Certain non-retirement taxable accounts in JPMCAP, as well as Multi-Manager SAS (as applicable below), are invested in Legacy Models/Strategies; all other accounts have been conformed to the current Program models and investment strategies. Clients that remain in the Legacy Models/Strategies can request to be transitioned to current Program models and investment strategies.

#### Transition Models

In June 2019, due to certain tax consequences, JPMPI made available additional models for clients invested in JPMCAP Legacy Models/Strategies (“Transition Models”) who request to change their investment strategy. Transition Models are based on the similar investment strategies as other JPMCAP models. Certain portfolio holdings for Transition Models will differ from the corresponding current JPMCAP models. Therefore, although the asset allocation and portfolio management for the Transition Models are provided by the same investment management teams that provide models in JPMCAP, the performance of the Transition Models can differ.

### Oversight of JPMPI by JPMS

JPMS establishes investment objectives and policy, designates sub-adviser(s) when appropriate and is responsible for oversight of the sub-adviser(s). JPMPI determines strategic and tactical allocation for the investment strategies and selects the Funds and Model Managers available through JPMCAP using its research. JPMS (not JPMPI) is responsible for determining whether an investment strategy is suitable for a particular client.

JPMS prepares an investment policy statement for JPMPI that specifies investment guidelines and includes certain operational and other considerations. These operational and other considerations, such as Fund concentration and capacity issues, may affect the timing of certain tactical trades, and may result in the timing or implementation of trades for a client's account differing from that of another client or group of clients of JPMS or its affiliates.

An internal governance committee and forum provide ongoing oversight of JPMCAP to review compliance with strategy-specific guidelines and metrics.

## **II. CSP Overview**

CSP is a discretionary unified managed account program managed and offered by JPMS. In CSP, client assets are invested in a manner consistent with one of the multi-asset class (Conservative, Moderate, Moderate Growth, Growth, Aggressive Growth and Fixed Income Focused) investment strategies made available by JPMS to clients. Assets within an investment strategy are generally invested in each asset class through one or more open-end Funds or SMA Managers.

Clients with at least \$500,000 in their CSP accounts may elect to have assets within an investment strategy invested with a SMA Manager. Currently, JPMIM is the only SMA Manager, and no unaffiliated SMA Managers have been evaluated or selected for inclusion in CSP. However, Funds available through CSP include both J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds. Currently, a portion of the assets in CSP are invested in J.P. Morgan Affiliated Funds. See "Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest" in Item 11.B below for more information.

JPMPI, as sub-adviser of CSP, is responsible for securities selection (including selecting Funds and SMA Managers for investment) and determining portfolio construction.

In managing CSP, JPMPI will not consider any assets owned by the client outside of the relevant CSP account, including any assets held in other CSP accounts.

CSP is generally closed to new accounts; however, existing CSP clients may add new assets.

### Description of Investment Strategies

The investment strategy for a particular client is based on the client's discussion with JPMS and the client's risk tolerance. The investment strategies available in CSP are Conservative, Moderate, Moderate Growth, Growth, Aggressive Growth and Fixed Income Focused.

Below is a description of each CSP investment strategy. For the related risks of each CSP investment strategy, see Item 8 below.

***Conservative***

The Conservative investment strategy seeks to primarily preserve capital investments and generate income with a secondary goal to achieve moderate levels of capital growth. The investment strategy also aims to maintain below-moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, a majority of the investment strategy expects to be invested in assets that tend to have a history of lower capital returns and volatility such as fixed income. To achieve a return objective that includes capital growth, a larger percentage expects to be invested in historically more volatile securities such as equities, than an objective focused on capital preservation alone.

***Moderate***

The Moderate investment strategy seeks to primarily achieve moderate levels of capital growth and income generation with a secondary goal of principal preservation. The investment strategy also aims to maintain moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest in assets that tend to have a history of lower capital returns and volatility such as fixed income, and those with a more volatile history and upside return potential such as equities.

***Moderate Growth***

The Moderate Growth investment strategy seeks to primarily achieve growth of capital investments and income generation. The investment strategy also aims to maintain moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest in assets that tend to have a history of lower capital returns and volatility such as fixed income, and those with a more volatile history and upside return potential such as equities.

***Growth***

The Growth investment strategy seeks to primarily achieve growth of capital investments. The investment strategy also aims to maintain above-moderate exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest predominantly in assets that tend to have a history of higher upside return potential and volatility such as equities, with a lower percentage invested in historically less volatile securities such as fixed income.

***Aggressive Growth***

The Aggressive Growth investment strategy seeks to first and foremost achieve growth of capital investments. The investment strategy will maintain high exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this investment strategy expects to invest solely in equities, which tend to have a history of higher upside return potential and higher volatility. The investment strategy may also maintain exposure to cash or cash equivalents.

### ***Fixed Income Focused***

The Fixed Income Focused investment strategy seeks to preserve capital investments and generate income on an inflation adjusted basis. The Portfolio also aims to maintain low exposure to risk of capital loss in pursuit of this return objective. Consistent with these objectives, this Portfolio expects to invest predominantly in assets that tend to have a history of lower capital returns and volatility such as fixed income, with a lower percentage invested in historically more volatile securities such as equities.

#### Oversight of JPMPI by JPMS

JPMS establishes investment objectives and policy, designates sub-adviser(s) when appropriate, and is responsible for oversight of the sub-adviser(s). JPMPI, as a sub-adviser, determines strategic and tactical allocation for the investment strategies and selects the Funds and SMA Managers available through CSP using its research. JPMS (not JPMPI) is responsible for determining whether an investment strategy is suitable for a particular client.

JPMS prepares an investment policy statement for JPMPI that specifies investment guidelines, including those designed by JPMS to address operational and other considerations. These operational and other considerations, such as Fund concentration and capacity issues, may affect the timing of certain tactical trades, and may result in the timing or implementation of trades for a client's account differing from that of another client or group of clients of JPMS or its affiliates.

An internal governance committee and forum provide ongoing oversight of CSP to review compliance with strategy-specific guidelines and metrics.

#### Option to Use SMA Managers

When a client elects to use SMA Managers, the opportunities available to such client differs from the opportunities available to clients who do not use SMA Managers. As a result, performance of an account with this election can differ from the performance of other accounts without this election. Due to this election, the asset allocation in these models may be different from the asset allocation in those models without this election.

### **III. Advisory Program Overview**

The Advisory Program provides JPMS clients with access to portfolio managers who provide discretionary investment management services in client separately managed accounts. Clients in the Advisory Program may invest in (i) SAS strategies managed by JPMPI, and (ii) Portfolio Manager Program ("PMP") strategies managed by JPMIM or by unaffiliated portfolio managers.

Based on information provided by the client, JPMS assists the client in selecting an investment strategy and a portfolio manager. JPMS (not JPMPI) is responsible for determining whether the Advisory Program, particular investment strategies, and particular portfolio managers are suitable for a particular client.

JPMS requires clients to open a separate account for each investment strategy selected. In managing SAS, JPMPI will not consider any assets owned by the client outside of that particular SAS strategy, including any assets held in other Advisory Program accounts.

### Description of SAS

JPMS has included certain strategies managed by JPMPI in the Advisory Program; collectively these comprise SAS. JPMPI provides discretionary investment management services to those clients in the Advisory Program who select one or more strategies available in SAS.

There are two types of strategies in SAS: (1) single-manager strategies (the “Single-Manager SAS”) for which JPMPI seeks to invest in individual securities, and (2) multi-manager strategies (the “Multi-Manager SAS”) for which JPMPI seeks to invest in Funds and/or in individual securities following one or more model portfolios provided by affiliated and/or unaffiliated Model Managers.

JPMPI, as portfolio manager of SAS, is responsible for securities selection (including selecting Funds and Model Managers for investment by certain Multi-Manager SAS accounts) and determining portfolio construction. Funds available in Multi-Manager SAS include both J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds. In addition, unaffiliated and affiliated Model Managers may be evaluated and selected for Multi-Manager Select Advisory Strategy accounts. See “Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B below for more information on the use of J.P. Morgan Affiliated Funds and affiliated Model Managers in Multi-Manager SAS portfolios.

SAS seeks to address specific investment objectives, provide exposure to targeted asset classes, capture timely market opportunities, and/or address specific client objectives through actively managed portfolios. The portfolio manager(s) construct portfolios and identify specific securities and Funds to implement investment views within SAS’s guidelines and consistent with its investment objectives. The portfolio manager(s) will seek to determine their initial and ongoing portfolio positioning at an asset class, sub-asset class, sector, or sub-sector level, in order to capture opportunities or limit risks while managing the portfolio within respective guidelines. In making investment decisions with respect to Multi-Manager SAS, the portfolio manager(s) are only permitted to use approved Funds and/or model portfolios provided by Model Managers. An internal governance committee and forum provide ongoing oversight of SAS to review compliance with strategy-specific guidelines and metrics.

The portfolio manager(s) may select individual securities and Funds, including Liquid Alternative Funds. See Item 8 below for more information about relevant risks of these investments.

### ***Single-Manager SAS***

The Single-Manager SAS available in the Advisory Program include the following strategies:

- The Digital Evolution Strategy aims to achieve capital appreciation by investing in equity securities and depositary receipts of companies focusing on or benefiting from the development of technology related products, services and processes that enhance mobility and connectivity. The strategy expects to invest in companies across all market capitalizations with a preference toward medium and large capitalizations. The strategy seeks to deliver long-term total returns in excess of the benchmark (the S&P 500 Communication Services & Information Technology Index) over a full market cycle.
- The Focused Dividend Growth strategy seeks to allocate to concentrated equity investments (limited number of holdings) expected to produce current income and capital gains over a longer-term horizon.

- The Innovators Strategy seeks to deliver long term total returns by investing in companies that aim to effectively drive innovation by investing in research and development to generate higher growth and profitability. The strategy primarily invests in U.S. listed equity securities, including depository receipts, and real estate investment trusts.

### **Multi-Manager SAS**

The Multi-Manager SAS available in the Advisory Program include the following strategies:

- The Absolute Return Fixed Income Strategy seeks a combination of income and capital appreciation by utilizing an absolute return investment style. The strategy will primarily invest in fixed income funds and Liquid Alternative Funds; the strategy may also invest in preferred security funds, cash and liquidity funds. The strategy may invest in funds with minimal sector or duration constraints to afford the portfolio maximum flexibility in terms of investments. The Absolute Return Fixed Income Strategy is generally closed to new accounts; however, existing clients may add new assets.
- The Dynamic Multi-Asset Strategy seeks total returns, with a predominant focus on capital growth and income generation, and a secondary focus on principal preservation. The strategy is intended to maintain a moderate exposure to risk of capital loss, and will be managed with flexible asset allocation parameters. The strategy will involve some risk of loss of income and capital.
- The Dynamic Yield Strategy aims to generate yield and long-term capital appreciation by investing in multiple asset classes across global markets, with a preference toward fixed income. The strategy seeks lower sensitivity to U.S. interest rates than core fixed income, and volatility lower than U.S. equity markets, over a full market cycle.
- The Emerging Markets Growth and Income Strategy seeks to achieve capital appreciation by investing in multiple asset classes across a portfolio which aims to achieve emerging markets returns while balancing risk. The strategy attempts to offer lower volatility than pure emerging markets equity by investing across asset classes in emerging and developed markets equity, emerging markets fixed income and cash, as well as Liquid Alternative Funds.
- The Global Opportunistic Equity Strategy seeks to allocate to a blend of Funds, individual securities, and cash that represent a concentrated, flexible, and dynamic tactical allocation across a collection of thematic ideas. The strategy will seek to outperform the MSCI All-Country World Index over a full market cycle while balancing risk across geographic regions, market capitalization, and industry sectors.
- The Sustainable Fixed Income Strategy<sup>1</sup> seeks to achieve long-term capital appreciation by investing primarily in fixed income funds with the flexibility to invest across sectors, with a preference towards funds that integrate Environmental, Social, and Governance (“ESG”) factors into their investment process and/or focus on sustainable themes.
- The Sustainable Equity Strategy<sup>2</sup> seeks to achieve long-term capital appreciation by investing primarily in equity funds with the flexibility to invest globally across sectors and capitalizations, with

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<sup>1</sup> The strategy has the ability to invest in U.S.-registered preferred security funds and U.S.-registered fixed income funds with global exposure and the strategy also has the ability to invest in non-ESG-designated funds.

<sup>2</sup> The strategy has the ability to invest in U.S.-registered Real Estate Investment Trust funds and U.S.-registered infrastructure funds and the strategy also has the ability to invest in non-ESG-designated funds.



a preference towards funds that integrate ESG factors into their investment process and/or focus on sustainable themes.

#### Multi-Manager SAS and Legacy Models/Strategies

See “Legacy Models/Strategies” above for more information regarding the Legacy Models/Strategies.

#### Option to Use non-J.P. Morgan Funds and Unaffiliated Model Managers

As described in “Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B below, JPMPI prefers J.P. Morgan Affiliated Funds and affiliated Model Managers. However, clients may elect to exclude from their Dynamic Multi-Asset Strategy accounts J.P. Morgan Affiliated Funds and affiliated Model Managers (except for J.P. Morgan cash and liquidity products). Currently, this election is only available for the Dynamic Multi-Asset Strategy.

When a client elects to exclude J.P. Morgan investment strategies, it can affect JPMPI’s ability to make investments, access asset classes, or take advantage of opportunities that are available to clients who do not make that election. As a result, performance of an account with an election to exclude J.P. Morgan investment strategies will likely differ from the performance of other accounts without an election.

#### **IV. STRATIS Overview**

STRATIS offers JPMS clients with access to portfolio managers who provide discretionary investment management services, including affiliated portfolio managers, and provides investment advisory services to clients.

Based on information provided by the client, JPMS assists the client in selecting an investment strategy and a portfolio manager. JPMS (not JPMPI) is responsible for determining whether STRATIS, particular investment strategies, and particular portfolio managers are suitable for a particular client.

JPMS requires clients to open a separate account for each investment strategy selected. In managing a STRATIS strategy, JPMPI will not consider any assets owned by the client outside of that particular strategy, including any assets held in other STRATIS accounts.

JPMPI acts as the discretionary portfolio manager for certain strategies in STRATIS, as described in more detail below. JPMPI is responsible for securities selection and determining portfolio construction. The portfolio manager(s) construct portfolios to implement investment views within the relevant guidelines and consistent with its investment objective. The portfolio manager(s) will seek to determine its initial and ongoing portfolio positioning at a sector, or sub-sector level, in order to capture opportunities or limit risks while managing the portfolio within respective guidelines.

An internal governance committee and forum provide ongoing oversight of the relevant STRATIS strategies to review compliance with strategy-specific guidelines and metrics.

The STRATIS strategies managed by JPMPI include the following strategies:

- The Digital Evolution Strategy aims to achieve capital appreciation by investing in equity securities and depositary receipts of companies focusing on or benefiting from the development of technology related products, services and processes that enhance mobility and connectivity. The

strategy expects to invest in companies across all market capitalizations with a preference toward medium and large capitalizations. The strategy seeks to deliver long-term total returns in excess of the benchmark (the S&P 500 Communication Services & Information Technology Index) over a full market cycle.

- The Focused Dividend Growth strategy seeks to allocate to concentrated equity investments (limited number of holdings) expected to produce current income and capital gains over a longer-term horizon.
- The Innovators Strategy seeks to deliver long term total returns by investing in companies that aim to effectively drive innovation by investing in research and development to generate higher growth and profitability. The strategy primarily invests in U.S. listed equity securities, including depository receipts, and real estate investment trusts.

For risks related to such strategies, please see Item 8 below.

## **V. C-BoS Overview**

C-BoS provides 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 Customized Municipal Bond Portfolio (“C-MAP”) and Customized Taxable Bond Portfolio (“C-TAX”) strategies, which are limited to initial investments in certain fixed income securities, and the Customized Preferreds Portfolio (“C-PREP”) strategy, which is limited to initial investments in certain preferred securities and deferrable subordinated debt securities. There is also a version of the C-MAP strategy that offers three options to invest in either national, New York or California bonds (“C-MAP Select”).

Based on information provided by the client, JPMS assists the client in selecting an investment strategy within C-BoS. 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. In managing a C-BoS strategy, JPMPI will not consider any assets owned by the client outside of that particular strategy, including any assets held in other C-BoS accounts.

Below are general descriptions of the C-BoS strategies.

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

For related risks of the C-BoS strategy, please see Item 8 below.

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

JPMPPI provides discretionary investment management services to those clients in C-BoS who select the C-MAP, C-TAX or C-PREP strategies.

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

#### **VI. MFAP Overview**

MFAP is a mutual fund and ETF managed account program managed and offered by JPMS. JPMPPI, as a sub-adviser, approves Funds, including Liquid Alternative Funds, eligible for investment through MFAP, defines target asset allocations, and provides asset allocation ranges for the asset allocation models

(“MFAP Models”). JPMPI does not manage MFAP account assets on a discretionary basis. Instead, each client directs the investment of their MFAP account assets across each selected asset class into one or more Funds. Each MFAP Model consists of Funds in several asset classes. Depending on the MFAP Model selected, clients may choose one or more Funds in each asset class. Each asset class in an MFAP Model has a specified allocation range and the client designates the specific asset allocation percentage desired for each asset class. JPMS (not JPMPI) is responsible for determining whether an MFAP Model, the allowable ranges in each MFAP Model, and the individual Funds in MFAP are suitable for each client. Clients of MFAP should review the applicable prospectuses for Funds for additional information.

Funds available through MFAP include both J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds.

## **VII. Fund and SMA Manager Research**

JPMPI's manager solutions team provides two types of research on Funds and SMA Managers. An operational due diligence review is performed on Funds and SMA managers identified through both the Qualitative Research Process and Systematic Research Process.

The first type, the “Qualitative Research Process,” is used by the following programs: JPMCAP, CSP, Advisory Program - Multi-Manager SAS, MFAP, PMP, Discretionary Fixed Income (“DFI”) and SMA Managers available in STRATIS (except JPMPI). In the Qualitative Research Process, the manager solutions team conducts a qualitative analysis of Funds and SMA Managers on an ongoing basis. The team reviews the portfolio manager's organization, investment process, investment philosophy and performance. The Qualitative Research Process is described in more detail below in Item 8, “JPMCAP and CSP – Discretionary Investment Process.”

The second type, the “Systematic Research Process,” is used by certain other J.P. Morgan Securities advisory programs. In the Systematic Research Process, the manager solutions team uses an internally developed quantitative screening process to evaluate Funds and SMA Managers on an ongoing basis. This evaluation reviews the portfolio manager's organization, investment process, investment philosophy and performance using only quantitative criteria.

Funds and SMA Managers may be removed from (or no longer be eligible for purchase in) the applicable J.P. Morgan advisory programs if they do not continue to meet these criteria. Funds and SMA Managers subject to the Systematic Research Process may also go through the Qualitative Research Process. To the extent that Fund and SMA Managers are reviewed through both processes, the results of the Qualitative Research Process will override the results of the Systematic Research Process. For example, if a Fund or SMA Manager does not meet the required quantitative criteria of the Systematic Research Process, the manager solutions team may alternatively review and approve it using the Qualitative Research Process, and the Fund or SMA Manager would then be available in the programs relying on the Systematic Research Process; also, if a Fund or SMA Manager is terminated under the Qualitative Research Process, it will also be terminated in programs relying on the Systematic Research Process.

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

Clients can place reasonable restrictions on the purchase of certain securities for any accounts for which JPMPI has discretion, subject to JPMPI's acceptance for the Programs client accounts. JPMPI can reject restrictions on client accounts if it deems the restriction to be unreasonable. Any restrictions on the

management of a client account will likely cause the account to perform differently than the account would perform without the restrictions. For client accounts that can hold Funds, clients cannot prohibit or restrict JPMPPI from investing in specific securities or types of securities that are held within any Fund.

### **C-BoS - Availability of Customized Services for Clients**

In C-BoS, all accounts are customized to the individual client's investment objectives. The types of restrictions available to clients can vary depending on whether the client participates in C-BoS through the Chase Wealth Management or J.P. Morgan Securities sales channels of JPMS. 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, as well as additional customizations, such as, if available in the specific sales channel, the ability to restrict certain issuers, industries and other business involvement restrictions. Please see Item 8 "C-TAX Exclusionary Screening Risk" for more information.

The credit rating parameters that each client selects for a particular C-MAP or C-TAX account only apply at the time the portfolio manager initially purchases a particular bond for that account. The portfolio manager in its discretion may or may not liquidate such investments upon a credit rating downgrade. As a result, a C-MAP or C-TAX account may hold bonds to maturity despite a credit rating below the client-selected parameter. In C-PREP, clients have the ability to select from various options with respect to tax treatment, and in certain circumstances, may have the ability to select from options with respect to dividend or coupon type and industry sectors.

Collectively, all of the customizations are considered to be a "Customized Portfolio."

During the course of the portfolio management of a client account, a client may change its Customized Portfolio within a C-MAP, C-TAX or C-PREP account. For C-MAP and C-TAX accounts, clients may decide whether: (i) to presently restructure the entire 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 account. If the client does not elect for option (i) or (ii) as previously described, the portfolio manager will apply option (ii) as a default. If the client does not choose option (i) to presently restructure the C-MAP or C-TAX account, the client portfolio may hold positions that are not in line with the parameters of the new Customized Portfolio. For C-PREP accounts, clients can only presently restructure an account as described in option (i) above. Immediately restructuring an entire C-MAP, C-TAX or C-PREP account to the new Customized Portfolio can result in taxable events upon the sale of positions. Clients should consult with their tax adviser to understand any such consequences.

### **D. Wrap Fee Programs**

Clients pay an annual asset-based fee for the wrap fee programs sponsored by JPMS that cover investment management, execution, custody and reporting services. JPMS pays JPMPPI a portion of the fee for investment advisory and portfolio management services based on assets of clients invested in the applicable JPMPPI strategy or program. JPMS has primary responsibility for client communications and services; arranging for payment of JPMPPI's advisory fees on behalf of the client; monitoring and evaluating JPMPPI's investment advisory services; executing the client's account transactions; and providing for custodial services for the client's assets in exchange for a fee paid by the client. See Item 5 for more

information of other fees. For C-BoS, clients will also incur costs for trading away (see “C-BoS and Fixed Income SMA Managers - Trading Away and Associated Costs” in Item 5.C for more information).

JPMPI is responsible for making investment decisions regarding the selection of investments and the total amount of securities bought and sold for accounts, and can do so without consultation with clients. Clients generally authorize JPMS and JPMPI to effect transactions, subject to the duty to seek best execution. JPMS will ordinarily provide clearing, settlement, and custodial services with respect to transactions and assets in accounts.

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

The same JPMPI portfolio managers who manage JPMS accounts also manage other accounts for JPMCB which have the same or substantially similar investment objectives and follow the same or similar strategies to those of JPMS accounts (“JPMCB Accounts”). JPMS accounts will not always be handled identically to JPMCB Accounts such as trading through different broker-dealers. For certain Programs (as an example C-BoS), the program fee for clients is different than the program fee for JPMCB Accounts. Additionally, individual JPMCB Accounts generally have more assets than individual JPMS accounts and therefore, JPMCB receives more gross compensation with respect to JPMCB Accounts than JPMS and JPMPI receive from JPMS accounts. The portfolio managers have a potential conflict of interest by having an incentive to favor these JPMCB Accounts when, for example, determining time spent managing such accounts, placing securities transactions or when allocating securities to clients. In addition, for C-BoS, JPMCB does not charge fees to JPMCB Accounts on uninvested cash; however, JPMS charges fees to JPMS accounts based upon the market value of all assets held in a JPMS account (including cash and cash alternatives) (see Item 5.B). JPMPI has policies and procedures designed to ensure that all client accounts are treated fairly (see Item 12.B).

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

### **Information Regarding Retirement Accounts**

Retirement accounts can be restricted from investing in Funds that have a certain relationship with J.P. Morgan. As a result, performance of retirement accounts would differ from non-retirement accounts.

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

As of December 31, 2019, JPMPI had regulatory assets under management of approximately: (i) \$56,696,325,959 in JPMCAP on a discretionary basis, (ii) \$38,816,777,998 in CSP on a discretionary basis,

(iii) \$11,206,169,100 in SAS on a discretionary basis, (iv) \$72,377,523 in STRATIS on a discretionary basis, (v) \$2,626,805,961 in C-BoS on a discretionary basis, and (vi) \$31,687,551,414 in MFAP on a non-discretionary basis.

Outside of the Programs listed in this Brochure, as of December 31, 2019, JPMPI had additional regulatory assets under management of approximately \$32,404,247,503 on a discretionary basis. Certain Program clients' assets are invested in Six Circles Funds. These assets are included in the regulatory assets under management reported for the Programs, as well as the regulatory assets under management reported as managed by JPMPI outside of the Programs on a discretionary basis.

Thus, as of December 31, 2019, the total amount of regulatory assets under management by JPMPI on a discretionary basis is approximately \$141,822,704,044 and \$31,687,551,414 on a non-discretionary basis.

## ITEM 5

### Fees and Compensation

#### A. Advisory Fees and Compensation

##### I. JPMCAP, CSP and MFAP

JPMS pays to JPMPI a portion of the fees JPMS receives from clients for JPMCAP, CSP and MFAP. The fees paid to JPMPI range from a minimum of 0.02% to a maximum of 0.06% of assets under management. For JPMCAP and CSP, clients eligible for and who have elected to invest in securities through SMA Managers also pay a separate fee for those SMA Managers. Clients may be able to negotiate the advisory fee with JPMS.

##### II. SAS

JPMS pays to JPMPI a fee, which is 0.45% annually, for Single-Manager SAS. For qualified retirement accounts where fees to affiliates are waived, JPMS generally shares a portion of the fee with the affiliated portfolio manager of the account, JPMPI. Clients do not pay a separate fee to JPMPI for Multi-Manager SAS, but will incur a separate fee for Model Managers in the portfolios of the selected Multi-Manager SAS. JPMS also pays to JPMPI a share of the JPMS advisory fee, equal to 0.20% of the total assets, in return for certain investment advisory, portfolio management, research and implementation services JPMPI performs for SAS. Clients may be able to negotiate the advisory fee with JPMS.

##### III. STRATIS

JPMS pays to JPMPI a fee, which is 0.45% annually, for the strategies in STRATIS managed by JPMPI. Clients may be able to negotiate the advisory fee with JPMS.

#### **IV. C-BoS**

JPMS pays to JPMPI a fee, which is 0.12% annually, for C-MAP, C-TAX and C-PREP. Clients may be able to negotiate the advisory fee with JPMS.

#### **V. DFI and PMP**

JPMS pays to JPMPI a portion of the fees JPMS receives from clients for DFI for research services. The fees paid to JPMPI range from a minimum of 0.02% to a maximum of 0.06% of assets under management. Clients may be able to negotiate the advisory fee with JPMS.

JPMS also pays to JPMPI a portion of the fees JPMS receives from clients for PMP for research services. The fee paid to JPMPI is equal to 0.20% of assets under management. Clients may be able to negotiate the advisory fee with JPMS.

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

##### **I. Chase Wealth Management - JPMCAP, CSP, SAS, C-BoS, MFAP, DFI and PMP**

JPMS (Chase Wealth Management) deducts fees from client accounts monthly in arrears based upon the market value of all assets held in the account on the last business day of the prior month.

Clients in these Programs should review their investment advisory contracts of the wrap program or contact Chase Wealth Management regarding fees and billing arrangements.

##### **II. J.P. Morgan Securities – JPMCAP, STRATIS and C-BoS**

JPMS (J.P. Morgan Securities) deducts fees from client accounts each calendar quarter in advance based upon the market value of all assets held in the account on the last business day of the preceding calendar quarter.

J.P. Morgan Securities will be responsible for refunds if participation in these Programs is terminated before the end of the billing period. Clients in these Programs should review their investment advisory contracts of the wrap program or contact J.P. Morgan Securities regarding arrangements for refunds of pre-paid fees, fees and billing arrangements.

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

The wrap fee clients pay to JPMS does not include Fund fees and expenses, transfer taxes, electronic fund and wire transfer fees, IRA and retirement plan account fees, margin interest, ADR related fees, or any other fees that would reasonably be assessed to a brokerage account. In addition, the wrap fee paid to JPMS does not cover certain costs or charges that can be imposed by JPMS or third parties, including costs associated with exchanging foreign currencies, borrowing fees on short sales, odd-lot differentials, activity assessment fees, exchange fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. Further, the wrap fee does not cover “dealer



spreads” that JPMS or its affiliates or other broker-dealers receive when acting as principal in certain transactions.

Funds pay fees and expenses that are ultimately borne by clients (including but not limited to management fees, brokerage costs, and administration and custody fees). Additionally, Funds held in an account have annual investment advisory expenses, so clients incur two levels of investment management fees: one indirectly in the form of an investment management fee to the investment adviser of each Fund, and one to JPMS for its and JPMPI's services rendered. These fees are in addition to any fees paid to JPMS as the sponsor and any fees received by JPMPI for acting as manager. In addition, JPMS and its affiliates collectively generally receive greater revenue if J.P. Morgan Affiliated Funds or affiliated SMA Managers are included, and therefore, JPMS and JPMPI have a conflict of interest in including J.P. Morgan Affiliated Funds or affiliated SMA Managers. See “Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B for more information on the use of J.P. Morgan Affiliated Funds and affiliated SMA Managers.

In choosing to open a wrap account, wrap clients should also be aware that JPMPI offers a variety of investment strategies that will, at various times, experience higher or lower portfolio “turnover” of investment securities held in the portfolio. Wrap clients investing in a strategy during a period with lower investment turnover would be paying the same bundled fee as in a period with high turnover.

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

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

### **C-BoS and Fixed Income SMA Managers - Trading Away and Associated Costs**

The advisory fee does not cover brokerage commissions or other charges resulting from transactions not effected through JPMS. In managing the accounts, JPMPI will place orders for client accounts with broker-dealers other than JPMS due to JPMPI's regulatory requirement to avoid principal transactions and the nature of the market for fixed income and preferred securities. Fixed income and preferred securities are

primarily traded in dealer markets. These securities are directly purchased from or sold to a financial services firm acting as a dealer (or principal). A dealer executing such trades generally will include a mark-up (on securities it sells), a mark-down (on securities it buys) or a spread (the difference between the price it will buy, or “bid,” for the security and the price at which it will sell, or “ask,” for the security) in the net price at which transactions are executed. The bid and ask are prices quoted by the dealer, so 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 or any fixed income SMA Manager.

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, 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](http://www.chase.com/managed-account-disclosures) and [www.jpmorgansecurities.com/pages/am/securities/legal/investment-managers-trading-away-practices](http://www.jpmorgansecurities.com/pages/am/securities/legal/investment-managers-trading-away-practices).

D. Prepayment of Fees

For JPMCAP, STRATIS and C-BoS, J.P. Morgan Securities (but not Chase Wealth Management) deducts fees from client accounts each calendar quarter in advance based upon the market value of all assets held in a JPMCAP, STRATIS or 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 refunded 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 or service fees from the sale of Funds.

**ITEM 6**

**Performance-Based Fees and Side-by-Side Management**

This Item is not applicable to the Programs.

**ITEM 7**

**Types of Clients**

JPMS offers and sells the Programs to individuals, trusts, estates, charitable organizations, corporations and other business entities. Except for CSP and STRATIS, the Programs are available to certain types of retirement accounts subject to ERISA. The only retirement accounts in CSP are legacy clients.

Except for MFAP, the Programs are not intended for investors who seek to maintain control over trading in their account. The Programs are not intended for investors who have a short-term time horizon (or expect ongoing and significant withdrawals), or who expect or desire to maintain consistently high levels of cash or money market funds.

JPMS has established account minimum requirements for client accounts, which vary based on the investment strategy. Minimums are subject to waiver or reduction in JPMS' discretion and are waived for certain client accounts from time to time. If a Program account falls below the Program minimum, JPMS can terminate the Program account at its discretion.

To open or maintain an account, clients are required to enter into an investment advisory agreement with JPMS that stipulates the terms under which JPMPI is authorized to act on behalf of the client to manage the assets listed in the agreement.

#### **I. JPMCAP**

Participation in JPMCAP generally requires a minimum \$10,000 investment. Currently, JPMS requires a minimum \$250,000 investment to invest in Liquid Alternative Funds, and a minimum \$750,000 investment to invest in other securities through Model Managers. Accounts that fall below these minimums as a result of client withdrawals will be rebalanced by the trade implementation team without Liquid Alternative Funds or other securities through Model Managers.

#### **II. CSP**

CSP is generally closed to new accounts, but participation in CSP generally requires a minimum \$50,000 investment. Currently, JPMS requires a minimum \$500,000 investment to invest in other securities through SMA Managers. An account that falls below this minimum as a result of client withdrawals will be rebalanced by the trade implementation team without other securities through SMA Managers.

#### **III. Advisory Program – SAS**

Participation in the Advisory Program generally requires a minimum \$50,000 investment for Multi-Manager SAS and a minimum \$100,000 investment for Single-Manager SAS.

#### **IV. STRATIS**

Participation in STRATIS generally requires a minimum \$100,000 investment.

#### **V. C-BoS**

Participation in the C-MAP strategy available through C-BoS generally requires a minimum \$1,000,000 investment; however, clients can also invest in C-MAP Select, where the minimum amount required to open such an account is typically \$500,000. Participation in the C-TAX strategy available through C-BoS generally requires a minimum \$500,000 or \$1,000,000 investment depending on credit quality. Participation in the C-PREP strategy available through C-BoS generally requires a minimum \$500,000 investment.

#### **VI. MFAP**

Participation in MFAP generally requires a minimum \$50,000 investment.

## ITEM 8

### Methods of Analysis, Investment Strategies and Risk of Loss

#### A. Method of Analysis

JPMPI utilizes different methods of analysis that are tailored for each of the investment strategies and Programs it offers its clients. Set forth below are the primary methods of analysis that JPMPI utilizes in formulating investment advice or managing assets.

#### Description of Investment Strategies

See Item 4.B above for descriptions of each Program's investment strategies.

#### JPMCAP and CSP - Discretionary Investment Process

JPMPI is responsible for determining asset allocation, selecting Funds and SMA Managers, determining portfolio construction, and evaluating investment strategies on an ongoing basis subject to the oversight of, and pursuant to, an investment policy statement approved by JPMS.

#### Asset Allocation Process

JPMPI is responsible for establishing and updating the overall strategic and tactical asset allocations for the investment strategies. This process includes several internal forums. These asset allocations generally are the overall basis for the process described below. The JPMPI personnel who perform these functions are shared with JPMCB and perform substantially similar services for other clients. JPMPI periodically reviews the asset allocation and performance of the investment strategies with JPMS. A wealth management internal governance committee and forum periodically review JPMPI's investment activities.

#### Research Process

JPMPI's manager solutions and operational due diligence teams conduct due diligence of the Funds and SMA Managers that are available for use. The manager solutions team is responsible for researching and selecting Funds and SMA Managers, and for subjecting them to a review process. The manager solutions team will begin the search process by defining an applicable universe of investment strategies, which typically will include J.P. Morgan investment strategies when there is one in the desired asset class. The manager solutions team utilizes both quantitative and qualitative factors during its initial review process.

Once a Fund or SMA Manager has been selected during the initial review process, the operational due diligence team will be consulted to conduct its initial review. The operational due diligence team is responsible for the review of the Fund's or SMA Manager's infrastructure from a non-investment perspective. This review includes the organizational structure, trade life-cycle, legal / compliance oversight, information security, and systems infrastructure.

The manager solutions team in conjunction with the operational due diligence team then makes a formal presentation recommending particular Funds and SMA Managers to an internal governance committee,

which is responsible for approving or rejecting them (see “Initial Strategy Review and Approval” below). The manager solutions and operational due diligence teams are also responsible for monitoring and re-evaluating approved Funds and SMA Managers as part of its ongoing review process (see “Ongoing Review of Approved Strategies” below).

#### Initial Strategy Review and Approval

The internal governance committee considers the formal presentation from the manager solutions and operational due diligence teams and approves or rejects new Funds and SMA Managers to be made available for JPMPI's use in the Programs. The internal governance committee review and approval process is the same for J.P. Morgan and non-J.P. Morgan investment strategies, as further described above under “Research Process.”

#### Ongoing Review of Approved Strategies

Another internal governance committee is responsible for making decisions to maintain Funds and SMA Managers as approved and available for the Programs. This forum considers analysis and recommendations from the manager solutions and operational due diligence teams. From time to time, this internal governance committee may place them on probation, or terminate them as part of its ongoing monitoring and oversight responsibilities. The internal governance committee review process is the same for J.P. Morgan and non-J.P. Morgan investment strategies, as further described above under “Research Process.” If a Fund or SMA Manager that is in the Programs is placed on probation, during the probation period, the manager solutions and operational due diligence teams will continue to review the Fund or SMA Manager.

In addition, JPMPI may be limited from making additional purchases of a Fund due to capacity considerations.

#### Portfolio Construction

From the pool of approved strategies, JPMPI selects the combination of Funds and SMA Managers that, in its view, fit each investment strategy's asset allocation goals and investment objectives. In making portfolio construction decisions, JPMPI will consider and is permitted to prefer J.P. Morgan Affiliated Funds, including the Six Circles Funds, and affiliated SMA Managers.

JPMPI also may, for portfolio construction reasons, remove a Fund or SMA Manager from the Programs.

If a Fund or SMA Manager that is in the Programs is placed on probation, it will generally continue to be held in clients' accounts, but generally JPMPI may not direct new or additional purchases of such Fund or SMA Manager for client accounts until the Fund or SMA Manager is removed from probation. Generally, a Fund or SMA Manager that is terminated will be sold.

If JPMPI removes a Fund or SMA Manager, the assets held in client accounts will be sold and replaced, when appropriate, with another Fund or SMA Manager that is available for use in the Programs.

JPMCAP and CSP - Allocation to J.P. Morgan Affiliated Funds

JPMPI can allocate a portion of the assets in JPMCAP and CSP to J.P. Morgan Affiliated Funds. That portion varies depending on market or other conditions. There are multiple models in each of the investment strategies available in JPMCAP and CSP. Certain models invest only in mutual funds and ETFs, while other models utilize SMA Managers and/or Liquid Alternative Funds (only for JPMCAP accounts).

The following charts illustrate, as of the date indicated, the allocation of J.P. Morgan Affiliated Funds (excluding Six Circles Funds), non-J.P. Morgan Funds, Six Circles Funds, and J.P. Morgan cash for JPMCAP taxable and retirement models. The charts do not reflect models that elect not to use J.P. Morgan Affiliated Funds, models that elect only Index Oriented Vehicles, models that utilize Liquid Alternative Funds (other than the Aggressive Growth investment strategy because all Aggressive Growth investment strategies include Liquid Alternative Funds), Model Managers, or municipal fixed income options or models that are U.S. focused.

<b>JPMCAP- Taxable Models</b>				
As of December 31, 2019				
<b>Investment Strategy</b>	<b>J.P. Morgan Affiliated Funds</b>	<b>Non-J.P. Morgan Funds</b>	<b>Six Circles Funds</b>	<b>J.P. Morgan Cash</b>
Conservative	7.00%	81.00%	11.00%	1.00%
Balanced	12.00%	73.00%	14.00%	1.00%
Growth	9.75%	73.25%	16.00%	1.00%
Aggressive Growth	12.00%	66.00%	21.00%	1.00%
Managed Fixed Income	12.00%	87.00%	0.00%	1.00%
Managed Equities	10.00%	55.00%	34.00%	1.00%

<b>JPMCAP- Retirement Models*</b>				
As of December 31, 2019				
<b>Investment Strategy</b>	<b>J.P. Morgan Affiliated Funds</b>	<b>Non-J.P. Morgan Funds</b>	<b>Six Circles Funds</b>	<b>J.P. Morgan Cash</b>
Conservative	7.50%	80.50%	11.00%	1.00%
Balanced	12.00%	73.00%	14.00%	1.00%
Growth	9.00%	74.00%	16.00%	1.00%
Aggressive Growth	12.00%	66.00%	21.00%	1.00%
Managed Fixed Income	12.00%	87.00%	0.00%	1.00%
Managed Equities	11.00%	54.00%	34.00%	1.00%

\* J.P. Morgan Securities retirement accounts are currently restricted from investing in JPMCAP models utilizing J.P. Morgan Funds. However, the vehicle for the temporary investment (i.e., "sweeping") of available cash balances for J.P. Morgan Securities retirement account will be a J.P. Morgan option unless a client elects to select a non-J.P. Morgan cash option.

The following charts illustrate, as of the date indicated, the allocation of J.P. Morgan Affiliated Funds (excluding Six Circles Funds), non-J.P. Morgan Funds, Six Circles Funds and J.P. Morgan cash for CSP taxable and retirement models. The charts do not reflect models that utilize SMA Managers (the only available SMA Managers are affiliated with JPMPI), or municipal fixed income options.

<b>CSP - Taxable Models</b>				
As of December 31, 2019				
<b>Investment Strategy</b>	<b>J.P. Morgan Affiliated Funds</b>	<b>Non-J.P. Morgan Funds</b>	<b>Six Circles Funds</b>	<b>J.P. Morgan Cash</b>
Conservative	8.00%	80.00%	11.00%	1.00%
Moderate	13.90%	71.10%	14.00%	1.00%
Moderate Growth	10.40%	74.60%	14.00%	1.00%
Growth	8.00%	75.00%	16.00%	1.00%
Aggressive Growth	6.00%	59.00%	34.00%	1.00%
Fixed Income Focused	8.40%	85.60%	5.00%	1.00%

<b>CSP - Retirement Models</b>				
As of December 31, 2019				
<b>Investment Strategy</b>	<b>J.P. Morgan Affiliated Funds</b>	<b>Non-J.P. Morgan Funds</b>	<b>Six Circles Funds</b>	<b>J.P. Morgan Cash</b>
Conservative	11.00%	77.00%	11.00%	1.00%
Moderate	15.10%	69.90%	14.00%	1.00%
Moderate Growth	12.70%	72.30%	14.00%	1.00%
Growth	9.00%	74.00%	16.00%	1.00%
Aggressive Growth	11.00%	54.00%	34.00%	1.00%
Fixed Income Focused	8.40%	85.60%	5.00%	1.00%

The prior composition of investment strategies in JPMCAP and CSP is not intended to predict the future composition of investment strategies or use of J.P. Morgan Affiliated Funds in JPMCAP and CSP. Allocations shown here are illustrative only, do not necessarily represent actual use of J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds represented in any particular client's account, and may change without notice. JPMPI is not required to adhere to the illustrative allocations pictured here. The allocations in any particular client's account will depend on, among other things, the investment strategy selected, client elections (such as Index Oriented Vehicles or non-J.P. Morgan Funds and unaffiliated Model Managers for JPMCAP), client asset level, reasonable restrictions placed by clients on the management of an account, and other factors. Each client should review account opening documentation, confirmations, and quarterly and annual statements for more information about the actual allocation in his or her account.

### **Advisory Program – Discretionary Investment Process**

#### **Multi-Manager SAS - JPMPI's Investment Strategy Selection Process**

JPMPI, as portfolio manager of Multi-Manager SAS, is responsible for portfolio construction, including selecting Funds and Model Managers for these Strategies. For Multi-Manager SAS, JPMPI expects to generally follow a similar process as the one described under “Research Process,” “Initial Strategy Review and Approval,” “Ongoing Review of Approved Strategies” and “Portfolio Construction” in “JPMCAP and CSP - Discretionary Investment Process” of this Item 8.

For Sustainable Fixed Income Strategy and Sustainable Equity Strategy, ESG factors may be considered. ESG refers to the following:

- Environmental: Environmental factors involve evaluating the way a company uses its resources and sets policies to limit its environmental impact and protect the environment.
- Social: Social factors focus on the way in which a company seeks to create value through its relationships with employees, suppliers, its customers and the communities in which it does business.
- Governance: Governance factors involve the accountability of a company's management to its shareholders, a company's practices regarding business ethics, as well as a company's responsibility to society.

Because investing on the basis of sustainability/ESG criteria can involve qualitative and subjective analysis, there can be no assurance that the methodology utilized by, or determinations made by, JPMPI will align with the beliefs or values of a particular investor.

#### **Multi-Manager SAS - Allocation to J.P. Morgan Affiliated Funds**

JPMPI can allocate a portion of the assets in Multi-Manager SAS to J.P. Morgan Affiliated Funds. That portion varies depending on market or other conditions. There are multiple investment strategies available in Multi-Manager SAS. Certain investment strategies invest only in mutual funds and ETFs, while other investment strategies can also utilize Model Managers.

The following chart illustrates, as of the date indicated, the allocation of J.P. Morgan Affiliated Funds (excluding Six Circles Funds), non-J.P. Morgan Funds, Six Circles Funds, and J.P. Morgan cash for Multi-Manager Select Advisory Strategy. For the Dynamic Multi-Asset Strategy, the chart does not reflect models that elect not to use J.P. Morgan Affiliated Funds.



	Multi-Manager SAS			
	As of December 31, 2019			
	J.P. Morgan Affiliated Funds	Non-J.P. Morgan Funds	Six Circles Funds	J.P. Morgan Cash
Investment Strategy				
Absolute Return Fixed Income Strategy	8.74%	88.01%	0.00%	3.25%
Dynamic Multi-Asset Strategy	7.70%	91.45%	0.00%	0.85%
Dynamic Multi-Asset Strategy – Non Prop	0.00%	99.16%	0.00%	0.84%
Dynamic Yield Strategy	0.00%	98.8%	0.00%	1.2%
Emerging Markets Growth and Income	10.43%	88.72%	0.00%	0.85%
Global Opportunistic Equity Strategy	2.80%	93.33%	0.00%	3.87%
Sustainable Equity Strategy	0.00%	98.89%	0.00%	1.11%
Sustainable Fixed Income Strategy	0.00%	98.92%	0.00%	1.08%

The prior composition of investment strategies in Multi-Manager SAS is not intended to predict the future composition of investment strategies or use of J.P. Morgan Affiliated Funds in Multi-Manager SAS. Allocations shown here are illustrative only, do not necessarily represent actual use of J.P. Morgan Affiliated Funds and non-J.P. Morgan Funds represented in any particular client's account, and may change without notice. JPMPI is not required to adhere to the illustrative allocations pictured here. The allocations in any particular client's account will depend on, among other things, the investment strategy selected, client elections, client asset level, reasonable restrictions placed by clients on the management of an account, and other factors. Each client should review account opening documentation, confirmations, and quarterly and annual statements for more information about the actual allocation in his or her account.

#### Single-Manager SAS - Methods of Analysis

JPMPI, as portfolio manager, is responsible for securities selection and determining portfolio construction. JPMPI conducts research by reviewing a variety of factors and conditions in order to select securities seen as attractive opportunities that are consistent with the Single-Manager SAS's investment guidelines and portfolio objectives. Factors include, but are not limited to a review of appropriate economic conditions, company specific observations and current financial market conditions. Economic considerations might include economic growth rates, interest rates, state of employment, and the prospects for changes in government policies. Company considerations might include a review of existing or future product or services, the management team and its strategy, and a review of a company's financial position and resources. Market considerations might include analysis of valuation, investor positioning, hedging activity, and depth and breadth of trading activity. JPMPI regularly reexamines the underlying investment theses for

each security to confirm if the expectations that justified inclusion or exclusion to the portfolio are developing as expected and will adjust the portfolio's holdings accordingly based on that review.

#### Single-Manager SAS - JPMPI Review Process

Single-Manager SAS is subject to an initial and ongoing internal review process by JPMPI, including review at internal governance committees and forum. This is different from the review process applied by JPMPI to certain other SMA Managers, and does not involve JPMPI's manager solutions team, or follow the same governance procedure for placing a strategy on probation or terminating ongoing monitoring and oversight responsibilities for a strategy. However, JPMPI does have a process for taking action on Single-Manager SAS if warranted as a result of its ongoing internal review process.

#### Potential Conflicts of Interest in the Research and Review of Single-Manager SAS and PMP Strategies

For the Advisory Program, JPMPI may recommend to JPMS, strategies managed by JPMPI, JPMIM, or unaffiliated third parties. JPMPI has an incentive to recommend its own and affiliated investment strategies to JPMS because J.P. Morgan receives more overall revenue when these strategies are chosen by clients (except for the Six Circles Funds). Similarly, with respect to manager termination, JPMPI has a greater incentive to recommend that JPMS terminate unaffiliated third-party managers from the Advisory Program, particularly where the manager's strategy is similar to one offered by JPMPI or JPMIM.

In addition, with respect to the JPMPI managed investment strategies (i.e., Single Manager - SAS), the internal review process that JPMPI follows in recommending a manager to JPMS does not include a process to identify an applicable universe of investment strategies. There may be one or more strategies managed by affiliates or third parties that outperform Single-Manager SAS made available to Advisory Program clients.

#### **STRATIS - Discretionary Investment Process**

##### Methods of Analysis

JPMPI, as portfolio manager of certain STRATIS strategies, is responsible for securities selection and determining portfolio construction. JPMPI conducts research by reviewing a variety of factors and conditions in order to select securities seen as attractive opportunities that are consistent with the relevant strategy's investment guidelines and portfolio objectives. Factors include, but are not limited to a review of appropriate economic conditions, company specific observations and current financial market conditions. Economic considerations might include economic growth rates, interest rates, state of employment, and the prospects for changes in government policies. Company considerations might include a review of existing or future product or services, the management team and its strategy, and a review of a company's financial position and resources. Market considerations might include analysis of valuation, investor positioning, hedging activity, and depth and breadth of trading activity. JPMPI regularly reexamines the underlying investment theses for each security to confirm if the expectations that justified inclusion or exclusion to the portfolio are developing as expected and will adjust the portfolio's holdings accordingly based on that review.

##### JPMPI Review Process

The STRATIS strategies managed by JPMPI are not subject to the same review process as non-JPMPI managed portfolio managers in STRATIS and their strategies and are instead subject to an initial and ongoing internal review process by JPMPI, including review at internal governance committees and forum.

This is different from the review process applied by JPMPI to certain other SMA Managers, and does not involve JPMPI's manager solutions team, or follow the same governance procedure for placing a strategy on probation or terminating ongoing monitoring and oversight responsibilities for a strategy. However, JPMPI does have a process for taking action on the relevant strategy if warranted as a result of its ongoing internal review process.

#### Potential Conflicts of Interest in J.P. Morgan's Research and Review

For STRATIS, JPMS may consider strategies managed by JPMPI, a J.P. Morgan affiliate, or unaffiliated third parties, and will rely on a J.P. Morgan conducted review of portfolio managers and respective investment strategies. JPMS has a conflict in making JPMPI and JPMIM-investment strategies available in STRATIS or has a conflict in terminating such strategies because J.P. Morgan receives more overall revenue when these strategies are chosen by clients.

In addition, with respect to the JPMPI managed investment strategies (i.e., the STRATIS strategies) the internal review process that J.P. Morgan follows in reviewing JPMPI does not include a process to identify an applicable universe of investment strategies. There may be one or more strategies managed by affiliates or third parties that outperform the JPMPI managed investment strategies made available in STRATIS.

#### C-BoS - Discretionary Investment Process

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

#### Methods of Analysis

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

#### JPMPI Review Process

C-BoS is subject to an initial and ongoing internal review process by JPMPI, including review at internal governance committees and forum. This is different from the review process applied by JPMPI to the JPMIM DFI strategies described below, and does not involve JPMPI's manager solutions team, or follow the same governance procedure for placing a strategy on probation or terminating ongoing monitoring and

oversight responsibilities for a strategy. However, JPMPI does have a process for taking action on C-BoS if warranted as a result of its ongoing internal review process. With respect to C-BoS, the review process that JPMPI follows does not include a process to identify an applicable universe of investment strategies. As a result, there may be one or more strategies managed by affiliates that may outperform C-BoS.

### **MFAP Non-Discretionary Investment Process**

JPMPI establishes strategic asset allocation and approved asset allocation ranges for each MFAP Model, as well as selecting approved Funds in each asset class to be made available to clients for their MFAP accounts. Clients designate the specific asset allocation percentage desired for each asset class (within the approved asset allocation ranges). Clients also select one or more Funds in each asset class for their own accounts from those Funds available in MFAP. JPMPI's investment activities in MFAP are subject to the oversight of and pursuant to an investment policy statement approved by JPMS.

In creating strategic asset allocation and approved asset allocation ranges for each MFAP Model, as well as in selecting Funds to be made available to MFAP clients and with respect to ongoing review of Funds available through MFAP, JPMPI considers the JPMorgan Long Term Capital Markets Assumptions and seeks to balance risk and return over a long-term horizon, while providing clients with flexibility to achieve their desired asset allocations.

JPMS determines the number of Funds in an asset class and the overall design of MFAP. Periodically, JPMPI reviews with JPMS changes to the MFAP composition, such as Fund additions, terminations, replacement funds, and soft closures. JPMPI may make a new Fund available to MFAP clients upon JPMS's request, if JPMPI seeks to fill a gap in the Funds available in MFAP, or as an appropriate replacement for a terminated Fund. JPMPI expects to generally follow a similar process as the one described under "Research Process," "Initial Strategy Review and Approval," "Ongoing Review of Approved Strategies" in "JPMCAP and CSP - Discretionary Investment Process" of this Item 8.

With respect to "Portfolio Construction," clients select one or more Funds in each asset class for their own accounts from the Funds available in MFAP. JPMPI may change the strategic asset allocation or approved asset allocation ranges for an MFAP Model. JPMS will notify affected clients of the changes and perform any re-balancing to bring their account into conformity.

When a Fund is no longer available in MFAP, the Fund shares held in MFAP accounts will be sold and replaced with another Fund in the same asset class. When evaluating replacement Funds, JPMPI is expected to consider the same factors described above and will recommend the replacement Fund to JPMS. JPMS will notify affected clients of the Fund unavailability in MFAP and of its replacement Fund. A client who does not approve of the replacement Fund should contact their JPMS investment adviser representative to select an alternative Fund. There is a period of time given for advisors and clients to seek and buy an alternative Fund instead of the replacement Fund. Past this notice period, if the client selects an alternative Fund, the replacement Fund will be sold and the client-selected Fund will be purchased. Selling the replacement Fund may cause income tax consequences and/or penalties. At times the only alternative Fund may be a J.P. Morgan Affiliated Fund.

JPMPI's manager solutions team may also recommend that a Fund be soft-closed. A soft-closed Fund will not be available to new MFAP clients. Existing clients may continue to hold shares and purchase additional shares of a soft-closed Fund, or they may choose a different Fund in that asset class. If a soft-closed Fund

is reactivated, clients will be notified on their next quarterly performance report, as provided by JPMS. If a soft-closed Fund is terminated, it will be replaced as described above.

### **Additional Research Services**

#### **PMP, DFI, STRATIS (except JPMPI managers) – Qualitative Research Services**

JPMS has separately engaged JPMPI to perform research services for PMP, DFI and STRATIS (except JPMPI managers) programs. The research services that JPMPI performs for JPMS include: (1) recommending strategies to JPMS for potential inclusion in the applicable program; (2) ongoing review of the strategies selected by JPMS; and (3) recommending that strategies selected by JPMS be placed on probation or removed.

The PMP, DFI and certain STRATIS strategies are managed by affiliated portfolio managers, including JPMIM, and unaffiliated portfolio managers. JPMPI uses its manager solutions and operational due diligence teams to provide the research services and make recommendations to JPMS.

In providing research services for the aforementioned programs JPMPI expects to generally follow a similar process to the one described under “Research Process,” “Initial Strategy Review and Approval,” and “Ongoing Review of Approved Strategies” in “JPMCAP and CSP - Discretionary Investment Process” of this Item 8.

The research services JPMPI provides to JPMS is not tailored to clients of PMP, DFI, and STRATIS. JPMS (not JPMPI) is solely responsible for selecting the strategies to be made available in the applicable program, based upon the information and recommendations provided by JPMPI’s manager solutions and operational due diligence teams and such other information and resources that JPMS deems appropriate.

JPMS (not JPMPI) is solely responsible for determining whether to place a strategy on probation or to place a termination from the applicable program. When JPMPI’s manager solutions and operational due diligence teams’ monitoring process uncovers a significant concern, it will likely recommend that JPMS place the strategy on probation or terminate it from the applicable program. JPMPI may, however, terminate its research services on a particular strategy at any time.

Please see above at “Potential Conflicts of Interest in the Research and Review of SAS and PMP Strategies” for conflicts that are also relevant for DFI.

#### **Other JPMS Advisory Programs - Systematic Research Services**

JPMS has separately engaged JPMPI to perform systematic research for certain other J.P. Morgan Securities advisory programs. JPMPI uses its manager solutions and operational due diligence teams to provide the research services and make recommendations to JPMS. To the extent that Fund and SMA Managers are reviewed through both processes, the results of the Qualitative Research Process will override the results of the Systematic Research Process.

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

Client accounts will generally be invested in Funds and/or individual securities. The individual securities held in client accounts and by Funds generally will include U.S. or foreign equity or fixed income securities.

The following risks are the primary risks associated with the investment strategies and the Programs offered by JPMPI, as well as the possible risks applicable to client accounts. However, it is impossible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. For example, if a client's investment strategy includes equity investments, the client should review the subsection "Risks that Apply Primarily to Equity Investments," and, if the investment strategy includes fixed income securities, the client should review the subsection "Risks that Apply Primarily to Fixed Income Investments." The "General Risks" subsection generally applies to all Programs and investment strategies. The subsection "Other Miscellaneous Portfolio Risks" contains various other portfolio risks that may or may not apply to an account depending on the nature of account's investment strategy and the securities held in the client account. The subsection "Fund Risks" includes risks that are particularly applicable to Funds. However, depending on a Fund's investment strategy the risks found in the other subsections may be applicable to the Fund. Additional risks specific to certain Programs are also included below.

While JPMPI seeks to manage the accounts, investment strategies and Programs 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 not rely solely on the descriptions provided below. Clients should carefully read all applicable informational materials and governing documents prior to selecting a strategy. 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 strategy is suitable for their account in light of their specific circumstances, investment objectives, and financial situation.

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

I. General Risks

Many of the risks defined below apply to assets within the Program accounts or the Fund or SMA Manager.

***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 (or expectations for inflation), deflation (or expectations for deflation), interest rates, global demand for particular products or resources, market instability, debt crises and downgrades, embargoes, tariffs, sanctions and other trade barriers, regulatory events, other governmental trade or market control programs and related geopolitical events. In addition, the value of a strategy's investments may be negatively affected by the occurrence of global events such as war, terrorism, environmental disasters, natural disasters or events, country instability, and infectious disease epidemics.

### ***Regulatory Risk***

There have been recent legislative, tax, and regulatory changes and proposed changes that may impact the activities of JPMPI, including requirements to provide additional information pertaining to a client account to the Internal Revenue Service or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations 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 with respect to their implementation, may result in increased costs, reduced profit margins and reduced investment and trading opportunities, all of which would negatively impact performance.

### ***Cyber Security Risk***

As the use of technology has become more prevalent in the course of business, J.P. Morgan 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 J.P. Morgan and its clients, and compromises or failures to systems, networks, devices and applications relating to the operations of J.P. Morgan and its service providers. Cyber security risks may result in financial losses to J.P. Morgan and its clients; the inability of J.P. Morgan 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. J.P. Morgan's service providers (including any sub-advisers, administrator, transfer agent, and custodian or their agents), financial intermediaries, companies in which client accounts and funds invest and parties with which J.P. Morgan 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 J.P. Morgan 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 J.P. Morgan 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.

### ***Intellectual Property and Technology Risks Involved in International Operations***

There can be risks to technology and intellectual property that can result from conducting business outside the United States. This is particularly true in jurisdictions that do not have comparable levels of protection of corporate proprietary information and assets such as intellectual property, trademarks, trade secrets, know-how and customer information and records. As a result, JPMPI can be more susceptible to potential theft or compromise of data, technology and intellectual property from a myriad of sources, including direct cyber intrusions or more indirect routes such as companies being required to compromise protections or yield rights to technology, data or intellectual property in order to conduct business in a foreign jurisdiction.

### ***Key Personnel Risk***

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

### ***Data and Information Risk***

Although J.P. Morgan obtains data and information from third party sources that it considers to be reliable, J.P. Morgan does not warrant or guarantee the accuracy and/or completeness of any data or information provided by these sources. J.P. Morgan does not make any express or implied warranties of any kind with respect to such data. J.P. Morgan shall not have any liability for any errors or omissions in connection with any data provided by third party sources.

## **II. Risks that Apply Primarily to Equity Investments**

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

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

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

Certain strategies, Funds or SMA Managers invest in equity securities of smaller companies. Investments in smaller companies may be riskier than investments in larger companies. Securities of smaller companies tend to be less liquid than securities of larger companies. In addition, small companies are generally more vulnerable to economic, market and industry changes. As a result, the changes in value of their securities may be more sudden or erratic than in large capitalization companies, especially over the short term.



Because smaller companies may have limited product lines, markets or financial resources or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large capitalization companies. This may cause unexpected and frequent decreases in the value of an account's investments. Finally, emerging companies in certain sectors may not be profitable and may not realize earning profits in the foreseeable future.

### **III. 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. Variable and floating rate securities are generally tied to interest rate changes such that the value of variable and floating rate securities will increase or decrease in accordance with changes in general interest rates. Many factors can cause interest rates to change. Some examples include central bank monetary policy (such as an interest rate increase by the Federal Reserve), inflation rates and general economic conditions.

#### ***Credit Risk***

There is a risk that issuers and/or counterparties will not make payments on securities and instruments when due or will default completely. Such default could result in losses. In addition, the credit rating of securities and instruments 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 or instrument, affect liquidity and make it difficult to sell the security or instrument. Certain strategies may invest in securities or instruments that are rated in the lowest investment grade category. Such securities or instruments are also considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities or instruments are more vulnerable to changes in economic conditions than issuers or counterparties of higher grade securities or instruments. Prices of fixed income securities will be adversely affected and credit spreads will 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 of an issuer would 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***

Certain strategies will invest in securities and investments 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 are 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.

### ***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.

***Income Risk***

An account's income will decline when interest rates fall if it holds a significant portion of short duration securities and/or securities that have floating or variable interest rates. Further, an account's income could decline if it invests in lower yielding bonds, as bonds in the portfolio mature, are near maturity or are called.

**IV. Other Miscellaneous Risks**

***Liquidity Risk***

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

Additionally, 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.

### ***Active Trading***

Certain strategies engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income.

### ***Derivatives Risk***

Funds in a client portfolio can invest in derivatives, including futures contracts, options, swaps and forward contracts, which may be riskier than other types of investments and may increase the volatility of a strategy or Fund. Derivatives may be sensitive to changes in economic and market conditions and may create leverage, which could result in losses that significantly exceed the original investment. Derivatives are subject to liquidity risk because the liquidity of derivatives is often based on the liquidity of the underlying instruments. In addition, the possible lack of a liquid secondary market for derivatives and the resulting inability to sell or otherwise close a derivatives position could expose an account or a Fund to losses and could make derivatives more difficult to value accurately. Certain derivatives expose an account or Fund to counterparty risk, which is the risk that the derivative counterparty will not fulfill its contractual obligations (and includes credit risk associated with the counterparty). Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, an account or Fund does not have a claim on the reference assets and is subject to enhanced counterparty risk. Derivatives may not perform as expected, so an account or a Fund may not realize the intended benefits. When used for hedging, the change in value of a derivative may not correlate as expected with the security or other risk being hedged. In addition, given their complexity, derivatives expose an account or a Fund to risks of mispricing or improper valuation.

### ***Initial Public Offering ("IPO") Risk***

Certain strategies invest in IPO, or new issue, securities that 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 highly volatile and their purchase may involve high transaction costs. 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 would be made available to JPMPI. In addition, under certain market conditions, a relatively small number of companies will issue securities in IPOs. Similarly, as the number of purchasers to which IPO securities are allocated increases, the number of securities issued to the clients may decrease. The performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so. In addition, as an account increases in size, the impact of IPOs on the account's performance will generally decrease.

### ***Model Risk***

Some strategies can include the use of various proprietary quantitative or investment models. Investments selected using models may perform differently than expected as a result of changes from the factors' historical – and predicted future - trends, and technical issues in the implementation of the models, including, for example, issues with data feeds. Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market

participants. A model's return mapping is based partially on historical data regarding particular economic factors and securities prices. The operation of a model, similar to other fundamental, active investment processes, may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. For a model-driven investment process – and again similar to other, fundamental, and active investment processes, there is no guarantee that the use of models will result in effective investment outcomes for clients. Additionally, client accounts with lower asset levels can experience some dispersion from the established models.

### ***Geographic and Sector Focus Risk***

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

### ***Diversification Risk***

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

### ***Focused Portfolio Risk***

A focused portfolio investment strategy's portfolio will generally have more volatility risk than a strategy that invests in securities of a greater number because changes in the value of an individual security will have a more significant effect, either negative or positive, on the portfolio's value. To the extent that the portfolio invests its assets in fewer securities, the portfolio is subject to greater risk of loss if any of those securities lose value.

### ***Counterparty Risk***

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

### ***Currency Risk***

Changes in foreign currency exchange rates will affect the value of portfolio securities. Generally, when the value of the U.S. dollar rises in value relative to a foreign currency, an investment impacted by that currency loses value because that currency is worth less in U.S. dollars. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates. 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, may be riskier than other types of investments and may increase the volatility of a portfolio.

### ***Foreign Issuers Risk***

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

### ***LIBOR Risk***

Interest rates (such as LIBOR or EURIBOR) and a wide range of other index levels, rates and values are treated as "benchmarks" and are the subject of recent regulatory reform which can have an impact on a client's account. For example, clients in the Programs can invest in strategies that manage the client portfolio to certain interest rate benchmarks, or in securities such as fixed income that utilize interest rate benchmarks.

There are certain risks associated with loans, derivatives, fixed income, floating rate securities and other instruments or investments that rely on a benchmark which changes or is affected by benchmark reforms. While benchmark reforms are intended to make benchmarks more robust, the reforms may cause benchmarks to perform differently than in the past, to disappear entirely or have other consequences which cannot be predicted. This could have a material impact on any investments linked to or referencing such a benchmark. Such impact may include: (i) reducing or increasing the volatility of the published rate or level of the benchmark; (ii) early redemption or termination of the investment; or (iii) adjustments to the terms of the investment. Any of these impacts may be disadvantageous to investors. In particular, reforms may increase costs and risks associated with investments that use an affected benchmark.

The regulatory authority that oversees financial services firms and financial markets in the U.K. has announced that, from the end of 2021, it will no longer persuade or compel contributing banks to make submissions for purposes of determining the LIBOR rate. The LIBOR rate is intended to represent the rate

at which contributing banks may obtain short-term borrowings from each other in the London interbank market. As a result, it is possible that commencing in 2022, LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain loans, derivatives and other instruments or investments comprising some or all of the account's portfolio. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBOR. There is no assurance that the composition or characteristics of any such alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which may affect the value or liquidity or return on certain investments in the account and result in costs incurred in connection with closing out positions and entering into new trades.

### ***Risks That Apply Primarily to ESG Strategies***

ESG strategies could cause an account to perform differently compared to accounts that do not utilize ESG strategies. The criteria related to certain ESG strategies may result in an account forgoing opportunities to buy certain Funds when it might otherwise be advantageous to do so, or selling Funds for ESG reasons when it might be otherwise disadvantageous for it to do so. In addition, there is a risk that the Funds identified by an ESG strategy do not operate as expected when addressing ESG issues. JPMPI's assessment of ESG could vary over time, which could cause an account to be temporarily invested in Funds that do not comply with the account's approach towards considering ESG characteristics.

### ***Risks That Apply to Tax Aware Strategies***

Although tax aware strategies may reduce a client's taxable income, it will not eliminate it. These strategies may require trade-offs that reduce pre-tax income. Managing an account or Fund to maximize after-tax returns may also potentially have a negative effect on an account or a Fund's performance. To the extent tax consequences are considered in managing an account or Fund, the account's or Fund's pre-tax performance may be lower than that of a similar strategy or fund that is not tax-managed.

## **V. Fund Risks**

### ***Investment in Funds***

An investment in Funds is subject to the risks associated with the investment program of the particular Fund, as outlined in Sections I-IV above. The investment performance of client accounts that implement their strategies by investing in underlying Funds is directly related to the performance of the underlying Funds. There is no assurance that the underlying Funds will achieve their investment objectives. Clients will bear their proportionate share of the underlying Funds' expenses.

### ***Fund Liquidity Risk***

A Fund may make investments that are illiquid or that may become less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value. The liquidity of portfolio securities can deteriorate rapidly due to credit events affecting issuers or guarantors, such as a credit rating downgrade, or due to general market conditions or a lack of willing buyers. An

inability to sell one or more portfolio positions, or selling such positions at an unfavorable time and/or under unfavorable conditions, can increase the volatility of a Fund's net asset value ("NAV") per share. Liquidity risk may also refer to the risk that the Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market in fixed income securities or the lack of an active market. The potential for liquidity risk may be magnified by a rising interest rate environment or other circumstances where investor redemptions from money market and other fixed income mutual funds may be higher than normal, potentially causing increased supply in the market due to selling activity.

### ***Fund Management Risk***

A Fund is subject to management risk if it is actively managed because it does not seek to replicate the performance of a specified index. Each Fund manager and its portfolio managers will utilize proprietary investment processes, techniques and risk analyses in making investment decisions, but there can be no guarantee that these decisions will produce the desired results. In addition, legislative, regulatory, or tax developments may affect the investment techniques available to the fund managers in connection with managing a Fund and may also adversely affect the ability of a Fund to achieve its investment objective.

### ***Non-Diversified Fund Risk***

If a Fund is non-diversified, it may invest a greater percentage of its assets in a particular issuer or group of issuers than a diversified fund would. This increased investment in fewer issuers may result in the Fund's shares being more sensitive to economic results among those issuing the securities.

### ***Completion Fund Risk (Six Circles Funds)***

An investment in the Six Circles Funds is not designed to be a complete investment program. It is intended to be part of a broader investment program administered by JPMPI or its affiliates. The Fund is managed to take into account the investment goals of the broader investment program and therefore changes in value of a Six Circles Fund may be particularly pronounced and the Fund may underperform a similar fund managed without consideration of the broader investment program.

### ***Multi-Manager Risk (Six Circles Funds)***

For the Six Circles Funds, a Fund's performance depends on the skill of JPMPI in selecting, overseeing, and allocating Fund assets to sub-advisers. The sub-advisers' investment styles may not always be complementary. The sub-advisers operate independently (e.g., make investment decisions independently of one another), and may make decisions that conflict with each other. For example, it is possible that a sub-adviser may purchase a security for the Fund at the same time that another sub-adviser sells the same security, resulting in higher transaction costs without accomplishing any net investment result; or that several sub-advisers purchase the same security at the same time, without aggregating their transactions, resulting in higher transaction costs. The Fund's sub-advisers may underperform the market generally, underperform other investment managers that could have been selected for the Fund and/or underperform private investment funds with similar strategies managed by the sub-advisers. Subject to the overall supervision of the Fund's investment program by JPMPI, each sub-adviser is responsible, with respect to



the portion of the Fund's assets it manages, for compliance with the Fund's investment strategies and applicable law.

### ***ETFs and Index Mutual Funds***

ETFs are marketable securities that may track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold.

Physical replication and synthetic replication are two of the most common structures used in the construction of ETFs and index mutual funds. Physically replicated ETFs and index mutual funds buy all or a representative portion of the underlying securities in the index that they track. In contrast, some ETFs and index mutual funds do not purchase the underlying assets but gain exposure to them by using swaps or other derivative instruments.

In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to:

- *Variance from Benchmark Index.* ETF performance will differ from the performance of the applicable index for a variety of reasons. For example, ETFs incur operating expenses and portfolio transaction costs not incurred by the benchmark index, may not be fully invested in the securities of their indices at all times, or may hold securities not included in their indices. In addition, corporate actions with respect to the equity securities underlying ETFs (such as mergers and spin-offs) will impact the variance between the performances of the ETFs and applicable indices.
- *Passive Investing Risk.* Passive investing differs from active investing in that ETF managers are not seeking to outperform their benchmark. As a result, ETF managers hold securities that are components of their underlying index, regardless of the current or projected performance of the specific security or market sector. Passive managers do not attempt to take defensive positions based upon market conditions, including declining markets. This approach could cause a passive vehicle's performance to be lower than if it employed an active strategy.
- *Secondary Market Risk.* ETF shares are bought and sold in the secondary market at market prices. Although ETFs are required to calculate their NAV on a daily basis, at times the market price of an ETF's shares will be more than the NAV (trading at a premium) or less than the NAV (trading at a discount). Given the differing nature of the relevant secondary markets for ETFs, certain ETFs will trade at a larger premium or discount to NAV than shares of other ETFs depending on the markets where such ETFs are traded. The risk of deviation from NAV for ETFs generally is heightened in times of market volatility or periods of steep market declines. For example, during periods of market volatility, securities underlying ETFs may be unavailable in the secondary market, market participants may be unable to calculate accurately the NAV per share of such ETFs, and the liquidity of such ETFs may be adversely affected. This kind of market volatility would also disrupt the ability of market participants to create and redeem shares in ETFs. Further, market volatility can adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of ETFs. As a result, under these circumstances, the market value of shares of an ETF would vary substantially from the NAV per share of such ETF, and the client can incur significant losses from the sale of ETF shares.

- *Tracking the Index.* The risk that a client account or fund does not track the performance of its underlying index may be heightened during times of increased market volatility or other unusual market conditions. Additionally, the index provider does not control or own index tracking accounts.

### ***Liquid Alternative Funds***

Liquid Alternative Funds typically can invest in assets such as global real estate, commodities, derivatives, leveraged loans, start-up companies, and unlisted securities that offer exposure beyond traditional stocks, bonds, and cash. These funds provide a source of returns with a low correlation with the performance of traditional asset classes, such as equities and bonds.

Hedge funds often engage in leveraging, short selling, derivatives, and other speculative investment practices that increase the risk of a complete loss of a client's investment. Hedge funds often charge performance fees in addition to management fees.

Liquid Alternative Funds utilize strategies similar to hedge funds, but are subject to regulatory limits on illiquid investments, leveraging, and amounts that may be invested in any one issuer. However, Liquid Alternative Funds can trade more frequently and generally will hold more non-traditional investments and employ more complex trading strategies than traditional mutual funds. Liquid Alternative Funds often have higher total expense ratios compared to traditional mutual funds plus higher annual operating expenses. Higher fees will negatively impact performance compared to traditional mutual funds. Unlike hedge funds, Liquid Alternative Funds generally cannot charge performance fees in addition to management fees. Liquid Alternative Funds also offer daily liquidity. Although Liquid Alternative Funds can offer diversification within a relatively liquid and accessible structure, they do not have the same type of returns as other alternative investments. The risk characteristics of Liquid Alternative Funds can be similar to those generally associated with other alternative investments. In addition to the usual market and investment-specific risks of traditional mutual funds, Liquid Alternative Funds may carry additional risks based on the strategies they use and the underlying investments made by the Liquid Alternative Funds. These strategies may target specific returns or benchmarks, and seek to mitigate or provide exposure to alternative asset classes.

In general, Liquid Alternative Funds are speculative investments that have the potential for significant loss of principal. Investments in Liquid Alternative Funds are only available to certain clients who meet applicable eligibility and suitability requirements and in circumstances approved by JPMS. Because Liquid Alternative Funds involve speculative strategies, clients should fully understand the terms, investment strategy, and risk associated with such Funds. For example, the use of aggressive investment techniques, such as futures, forward contracts, swap agreements, derivatives, and options, can increase a Liquid Alternative Funds' volatility and carries a high risk of substantial loss.

### ***Prospectus Delivery***

A discretionary investment adviser can receive prospectuses and other issuer-related materials on behalf of a client for any Funds in a client's account with client authorization. The adviser, as a client's agent, will have access to the prospectuses and issuer-related materials and can rely upon them to make Fund investments on the client's behalf; however clients will no longer receive such prospectuses or issuer-related materials directly, but can access them via the issuer's website or request copies from the adviser at any time. Prospectuses and issuer-related materials contain important information and detailed

descriptions of additional fees and expenses, investment minimums, risk factors and conflicts of interest disclosures, as well as client's rights, responsibilities and liabilities with respect to such investments. Additionally, this Brochure contains other general information regarding fees and expenses, investment minimums, risk factors and conflicts of interest disclosure.

## **VI. C-BoS-Specific Risks**

### **1. C-BoS General Risks**

#### ***Portfolio Turnover Risk***

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

The C-PREP strategy can engage in active and frequent trading leading to increased portfolio turnover, higher transaction costs, and the possibility of increased capital gains, including short-term capital gains that are generally taxable as ordinary income. Alternatively, the C-PREP strategy can, in the portfolio manager's discretion, experience low turnover due to market liquidity, market conditions or other factors.

#### ***C-MAP Focused Portfolio Risk***

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.

#### ***C-TAX Exclusionary Screening Risk***

The investment restrictions that a client can select for a particular C-TAX account (together, the "Restricted List") related to business involvement restrictions will be implemented by JPMPPI in its sole discretion using issuer screening carried out by a third party provider. Issuer screening aims to screen companies with revenue derived from the restricted category selected by the client, but it does not exclude all companies with any tie or revenue derived from such restricted category. Accordingly, the use of such third party issuer screening is not absolute and could result in the portfolio holding investments in companies that derive some revenue from the category specified in the Restricted List. Additionally, any faith-based restrictions will exclude multiple categories selected by a third party provider based generally on the values and norms of such groups; however, such restrictions may not completely represent or fully align with client's values or religious beliefs. A third party provider can amend its issuer screening process at any time including, but not limited to, changes to category definitions, parameters, ownership categories and revenue calculations and estimations. JPMPPI may or may not be aware of such changes, does not validate the accuracy of such changes, and is under no obligation to notify the client. The foregoing restrictions may affect the JPMPPI's

ability to make investments or take advantage of opportunities that may be available to clients that do not choose to exclude from the portfolio investments in fixed income securities of issuers in the above categories and as a result, performance of the client's portfolio may differ from performance of other portfolios that do not include these restrictions.

### ***High Yield Securities Risk***

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

### ***Heavy Concentration in the Financial Services Industry***

The market for preferred securities and the market for deferrable subordinated debt securities are comprised predominately of securities issued by companies in the financial services industry. Therefore, preferred securities and deferrable subordinated debt securities present substantially increased risks at times of financial turmoil, which generally affect financial services companies more than companies in other sectors and industries. Additionally, as a result of the sector concentration of preferred securities and deferrable subordinated debt securities, any investment in preferred securities or deferrable subordinated debt securities may be concentrated in preferred securities or deferrable subordinated debt securities issued by a limited number of issuers.

## **2. C-BoS Risks That Apply Primarily to Preferred Security Investments**

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

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

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

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

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

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

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

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

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

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

### ***Limited or No Voting Rights***

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

### ***Risk of Negative Yields***

Because issuers of preferred securities generally have the right to call the preferred securities, if an investor purchases any preferred securities at a price at a premium to par, and the preferred securities are called

by the issuer shortly thereafter, the investor may not be able to earn enough income on the preferred securities to offset the amount it has paid above par, and as a result may suffer a loss in its investment.

**Preferred securities are also subject to risks that commonly affect equity investments and fixed income investments, as described above. Relevant risk factors include, but are not limited to, Regulatory Risk, Liquidity Risk, Interest Rate Risk and Reinvestment Risk.**

### **3. C-BoS Risks that Apply Primarily to Deferrable Subordinated Debt Security Investments**

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

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

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

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

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

#### ***Interest Payments Can be Deferred for Multiple Deferral Periods***

So long as no event of default with respect to the deferrable subordinated debt securities has occurred and is continuing, an issuer is generally permitted to defer the interest payments on the deferrable subordinated

debt securities for a deferral period of up to a pre-determined number of years. At the end of the deferral period, the issuer is required to pay the holders the entire amount of the deferred interest payments, but once the issuer is current on its interest payments, it is often permitted to defer interest payments again for a new deferral period. Investors in deferrable subordinated debt securities should be prepared for not receiving any interest payment during a deferral period, and such deferral may occur more than once during the term of the deferrable subordinated debt securities.

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

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

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

***Risk of Negative Yields***

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

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

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

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

## VII. JPMCAP and CSP-Specific Risk

### ***Tactical Allocations***

For JPMCAP and CSP, JPMPI generally has discretion to make short to intermediate term tactical allocations that increase or decrease the exposure to asset classes and investments. As a result of these tactical allocations, a client account may deviate from its strategic target allocations at any given time. A client account's tactical allocation strategy may not be successful in adding value, may increase losses to the account or fund and/or cause the account or fund to have a risk profile different than that portrayed in the client account's strategic asset allocations from time to time.

#### C. Risks Associated with Particular Types of Securities

See response to Item 8.B.

## ITEM 9

### **Disciplinary Information**

#### A. Criminal or Civil Proceedings

JPMPI has no material civil or criminal actions to report.

#### B. Administrative Proceedings Before Regulatory Authorities

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

On December 18, 2015, JPMS and JPMCB (together "Respondents"), affiliates of JPMPI, entered into a settlement with the SEC, resulting in the SEC issuing an order (the "SEC Order"), and JPMCB entered into a settlement with the U.S. 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 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 CSP, specifically, a preference for affiliated mutual funds, the relationship between the discounted pricing of certain services provided by an affiliate and the amount of CSP assets invested in affiliated products, and that certain affiliated mutual funds offered a lower-cost share class than the share class purchased for CSP. In addition, the SEC Order finds that JPMS failed to implement written policies and procedures adequate to ensure disclosure of these conflicts of interest.



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

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

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

On March 9, 2020, JPMS entered into an Agreed Order ("Order") with the Kentucky Department of Financial Institutions. JPMS consented to the entry of the Order that alleged that JPMS failed to disclose conflicts of interest arising from preferences for J.P. Morgan-managed mutual funds ("Proprietary Mutual Funds"), in violation of KRS 292.320 and 808 KAR 10:450§2(8)(c) and (11)(a). Specifically, the Order alleged that, between 2008 and 2013, JPMS failed to disclose to Kentucky investors that (i) CSP was designed and operated with a preference for Proprietary Mutual Funds, (ii) there was an economic incentive to invest CSP assets in Proprietary Mutual Funds as a result of discounted pricing for services provided to JPMS for CSP by a JPMS affiliate, and (iii) until November 2013, JPMS failed to disclose to CSP clients the availability of certain less expensive Proprietary Mutual Fund share classes. Solely for the purpose of settling these

proceedings, JPMS consented to the Order, with no admissions as to liability. In the Agreement, JPMS agreed to pay a total of \$325,000 to resolve the Kentucky Department of Financial Institutions investigation.

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

JPMPPI has no material SRO disciplinary proceedings to report.

**ITEM 10**

**Other Financial Industry Activities and Affiliations**

A. Broker-Dealer Registration Status

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

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

JPMPPI 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, JPMPPI operates its commodity pools under three separate exemptions: CFTC Rules 4.7 (exemption from certain part 4 requirements), 4.5 (exclusion for certain otherwise regulated persons from the definition of commodity pool operator) 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). JPMPPI is also a member of the National Futures Association (the "NFA"). In addition, certain of JPMPPI's management persons are registered with the NFA as an "associated person" of JPMPPI, as necessary or appropriate to perform their responsibilities.

C. Material Relationships or Arrangements with Industry Participants

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

Additionally, JPMPPI 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. JPMPPI has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that arise between JPMPPI 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.A. For a more complete discussion of the conflicts of interest and corresponding controls designed to prevent, limit or mitigate conflicts of interests, see Item 11.B.

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

J.P. Morgan Distribution Services, Inc., (“JPMDS”) an affiliated broker-dealer, is the distributor for the J.P. Morgan Affiliated Funds used in the Programs.

JPMS is dually registered as a broker-dealer and an investment adviser with the SEC. JPMS acts as sponsor for Programs. JPMS typically provides custody and equity trade execution services to the Program clients. JPMS does not receive any additional brokerage commissions from its wrap clients when JPMPI places trades for those clients with JPMS. Additionally, JPMPI does not receive any additional fees or compensation from placing trades for these JPMS sponsored wrap accounts with JPMS. JPMS is also registered as a Futures Commission Merchant (FCM) with the CFTC. Certain directors and officers of JPMPI are also officers of JPMS. JPMPI utilizes JPMS for various services subject to applicable laws and regulations and the policies and procedures of JPMPI.

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

JPMPI provides investment advice and/or administrative functions for private investment funds organized as limited partnerships, limited liability companies, or offshore companies and serves as sub-adviser to certain RICs for which JPMIM serves as investment adviser. JPMPI has entered into sub-advisory arrangements with JPMIM to provide the day-to-day investment decisions for certain of the RICs, including the selection of funds for the aforementioned, which may include J.P. Morgan Affiliated Funds. See “Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest” in Item 11.B below. JPMPI also acts as the investment adviser to open-end mutual funds, including the Six Circles Funds. See Item 10.D 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’s affiliate, JPMIM, is the investment adviser or sub-adviser for various J.P. Morgan Affiliated Funds, including funds organized under the laws of other countries and jurisdictions. JPMIM is the primary adviser to a U.S. mutual funds complex as well as separately managed accounts. JPMPI often recommends and invests Program client accounts in J.P. Morgan Affiliated Funds and separately managed accounts which creates a conflict of interest because JPMPI affiliates benefit from increased allocations to the J.P. Morgan Affiliated Funds and to its separately managed accounts, and JPMDS and other affiliates receive distribution, placement, administration, custody, trust services or other fees for services provided to such funds.

Additionally, as described in Item 10.C(4), JPMCB also provides investment advice to JPMCB’s private bank clients who can also be investors in JPMPI-advised funds.

In addition, JPMPI engages certain foreign affiliated advisers that are not registered as investment advisers with the SEC to provide non-discretionary advice, including manager selection and analysis or asset allocation discussions, to JPMPI for use with its U.S. clients (a "Participating Affiliate Arrangement"). A Participating Affiliate Arrangement is structured in accordance with a series of SEC no-action letters requiring that participating affiliates remain subject to the regulatory supervision of both JPMPI and the SEC in certain respects. JPMPI currently has a Participating Affiliate arrangement with the following foreign affiliated advisers: J.P. Morgan Bank Luxembourg S.A., London Branch.

**(4) banking or thrift institution**

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

JPMCB is a national banking association. JPMCB is subject to supervision and regulation by the U.S. Department of Treasury's Office of the Comptroller of the Currency. JPMCB provides banking, investment management, trustee, custody, and other services to clients. JPMCB also provides custody, or administrative services to funds sponsored or managed by J.P. Morgan. JPMCB and/or other affiliates of JPMCB share personnel (including investment advisory, research, legal, compliance, investor relations, marketing, technology, accounting, back office, human resources, IT, risk management, and administrative personnel) with JPMPI and provide other investment and non-investment resources to JPMPI. A substantial number of JPMPI's supervised persons also have duties and obligations outside of JPMPI to JPMCB and/or JPMPI's other affiliates. Personnel sharing can result in conflicts of interest to the extent such personnel have substantive responsibilities outside of JPMPI. For example, the resources available to JPMPI may be impacted by such personnel's other responsibilities to JPMCB or its affiliates. In addition, it may be more difficult for JPMPI to supervise such personnel and to monitor the communications and activities of such personnel. JPMPI has policies and procedures to address these conflicts. 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 has described certain conflicts of interest related to other investment advisers in Items 11 and 12 below.

***Share Classes and Mutual Fund Fees***

Mutual funds typically offer different ways to buy shares with different share classes that may assess different fees and expenses. JPMS strives to make available the most appropriate share class on the platform for each fund, with the goal of generally obtaining the lowest cost share class. However, for certain funds, the share classes with the lowest fee structures are not available in a particular Program (e.g., (1) the fund family restricts access to these share classes or (2) JPMS does not have an agreement with the fund to distribute the share class in the Programs). Clients should be aware that the share class of a fund available through the Programs can differ from the share class available to similar accounts managed by or held at JPMS or its affiliates, and that certain lower cost fund share classes can be available outside of

the Programs. Clients should contact their financial advisor(s) for information about any limitations on share classes available through the Programs. JPMS through its brokerage accounts have other arrangements with fund companies that are described in the relevant brokerage documents.

JPMS and its affiliates receive fees or other forms of compensation from the funds (including money market funds), or their affiliates. JPMS believes that this conflict is addressed in the following ways:

- **12b-1 Distribution Fees:** JPMS receives fees from certain funds pursuant to Rule 12b-1 under the Investment Company Act of 1940 ("12b-1 Distribution Fees"). Rule 12b-1 allows funds to use fund assets to pay the costs of marketing and distribution of the fund's shares. If JPMS receives 12b-1 Distribution Fees, it will rebate these fees to the client.
- **Other Fees:** JPMS enters into agreements with the funds, their investment managers, distributors, principal underwriters, shareholder servicing agents and/or other affiliates of the funds ("Service Providers"). The funds or their Service Providers pay J.P. Morgan fees for providing certain administrative services, which include maintaining and updating separate records for each client, preparing and delivering client statements, tax reporting, proxy voting and solicitation, processing purchase and redemption orders, processing dividends, distributing prospectuses and other fund reports, and responding to client inquiries. These fees for these services are typically called "shareholder servicing fees," when paid for by the fund; however these fees can be referred to as "revenue sharing" when they are paid by the fund Service Provider from its own resources (together referred to as "Servicing Fees"). As of December 31, 2019, the Servicing Fees that JPMS received were up to 25 basis points annually of the fund assets, or a rate of \$8 to \$20 per year per fund position; however, these amounts can change. The receipt by JPMS of these fees creates a conflict of interest in the selection of funds for accounts because the fees are different among funds. Similarly, JPMS has a conflict to recommend mutual funds that pay Servicing Fees instead of ETFs or other securities or products that do not pay any Servicing Fee. The JPMPI portfolio managers, who are responsible for managing or recommending investments for Program accounts do not receive any direct financial benefit from the Servicing Fees. To that extent, such JPMPI portfolio managers are incentivized to invest in or recommend securities they believe will increase the value of the account. JPMS does not retain any portion of those fees for retirement advisory accounts. When evaluating the fees for, and cost of, a Program, clients should consider the Servicing Fees that JPMS receives in addition to the investment advisory fees. Clients can also request a fund prospectus for additional information regarding fund fees.

Once a particular share class is made available for a particular fund in a Program, clients can only purchase that share class for such fund. JPMS periodically reviews the share classes offered by funds in the Programs, but also relies on the fund families to inform JPMS when and if these share classes will be made available. If JPMS identifies and makes available a class of shares for a fund more appropriate than the class of shares previously made available for the fund, to the extent allowed, JPMS will convert client shares of the fund to that more appropriate share class of the same fund. Operational and other considerations can affect the timing of the conversion of shares, and can cause the timing or implementation of such conversions to differ between clients.

Some of the fund share classes available through the Programs are not necessarily available to clients outside of such Programs. To the extent an account is terminated, clients may not be eligible to continue to

hold or purchase certain share classes offered in a Program outside of such Program, as well as outside the firm.

See “Other Compensation from Funds” in Item 11.B below.

## ITEM 11

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

#### A. Code of Ethics

JPMPI has adopted the JPMPI Code of Ethics (the “Code of Ethics”) pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics is designed to ensure that JPMPI and its supervised persons comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code of Ethics imposes certain restrictions on securities transactions in the personal accounts of supervised persons to help avoid or mitigate conflicts of interest, as described more fully below. A copy of the Code of Ethics is available free of charge to any client upon request by contacting a client service representative or financial adviser.

##### (i) General

The Code of Ethics contains policies and procedures relating to:

- Account holding reports, personal trading, including reporting and preclearance requirements for all personnel of JPMPI;
- Confidentiality obligations to clients set forth in the J.P. Morgan privacy notices; and
- Conflicts of interest, which includes guidance relating to restrictions on trading on material, nonpublic information (“MNPI”), gifts and entertainment, political and charitable contributions and outside business activities.

In general, the personal trading rules under the Code of Ethics require that accounts of JPMPI personnel be maintained with an approved broker and that all trades in reportable securities for such accounts be precleared and monitored by compliance personnel. The Code of Ethics also prohibits certain types of trading activity, such as short-term and speculative trades. JPMPI personnel must obtain approval prior to engaging in all covered security transactions, including those issued in private placements. In addition, JPMPI personnel are not permitted to buy or sell securities issued by J.P. Morgan during certain periods throughout the year. Certain “Access Persons” (defined as persons with access to non-public information regarding JPMPI’s recommendations to clients, purchases, or sales of securities for client accounts and advised funds) are prohibited from executing personal trades in a security at certain times. In addition, Access Persons are required to disclose household members’ personal security transactions and holdings information. These disclosure obligations and restrictions are designed to mitigate conflicts of interest that arise if Access Persons transact in the same securities as advisory clients.

Additionally, all JPMPI personnel are subject to the J.P. Morgan firm-wide policies and procedures including those found in the J.P. Morgan Code of Conduct (the “Code of Conduct”). The Code of Conduct sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. All J.P. Morgan employees, including JPMPI personnel,

are required to familiarize themselves, comply, and attest annually to their compliance with provisions of the Code of Conduct's terms as a condition of continued employment.

Where appropriate, JPMPI and its affiliates generally addresses the conflicts disclosed in this Brochure through policies and procedures.

(ii) **Information Barrier Policies**

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

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

B. **Securities in Which JPMPI or a Related Person Has a Material Financial Interest and Other Conflicts of Interest**

***J.P. Morgan Acting in Multiple Commercial Capacities***

J.P. Morgan is a diversified financial services firm that provides a broad range of services and products to its clients and is a major participant in the global currency, equity, commodity, fixed income and other markets in which program client accounts can directly or indirectly invest. J.P. Morgan is typically entitled to compensation in connection with these activities and the program's clients will not be entitled to any such

compensation. In providing services and products to clients other than program clients, J.P. Morgan, from time to time, faces conflicts of interest with respect to activities recommended to or performed for program clients on one hand and for J.P. Morgan's other clients on the other hand. For example, J.P. Morgan has, and continues to seek to develop banking and other financial and advisory relationships with numerous U.S. and non-U.S. persons and governments. J.P. Morgan also advises and represents potential buyers and sellers of businesses worldwide. Program client accounts have invested in, or may wish to invest in, such entities represented by J.P. Morgan or with which J.P. Morgan has a banking, advisory or other financial relationship. Furthermore, in certain circumstances, J.P. Morgan persons issue recommendations on securities held in accounts advised or sub-advised by JPMPI that are contrary to the investment activities of JPMPI. In addition, certain clients of J.P. Morgan may invest in entities in which J.P. Morgan holds an interest, including a collective investment trust, or other pooled investment vehicle managed by a J.P. Morgan affiliate. In providing services to its clients and as a participant in global markets, J.P. Morgan from time to time recommends or engages in activities that compete with or otherwise adversely affect a program client account or its investments. It should be recognized that such relationships can preclude program clients from engaging in certain transactions and can also restrict investment opportunities that would otherwise be available to program clients. For example, J.P. Morgan is often engaged by companies as a financial adviser, or to provide financing or other services, in connection with commercial transactions that are indirectly potential investment opportunities for program clients. There are circumstances in which advisory accounts are precluded from participating in such transactions as a result of J.P. Morgan's engagement by such companies. J.P. Morgan reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on program clients. In addition, J.P. Morgan derives ancillary benefits from providing investment advisory, custody, administration, and other services to program clients, and providing such services to program clients may enhance J.P. Morgan's relationships with various parties, facilitate additional business development and enable J.P. Morgan to obtain additional business and generate additional revenue. The following are descriptions of certain additional conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that J.P. Morgan and JPMPI may have in transactions effected by, with, or on behalf of its clients. In addition to the specific mitigants described further below, JPMPI has established information barriers as described in this Brochure 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.

### ***Conflicts Relating to J.P. Morgan Service Providers***

J.P. Morgan provides financing, consulting, investment banking, management, custodial, prime brokerage, transfer agency, shareholder servicing, treasury oversight, administration, distribution or other services ("Services") to its clients, including investment funds, products or companies in which JPMPI invests (or recommends for investment) on behalf of its clients. These relationships generate revenue to J.P. Morgan and have the potential to influence JPMPI in deciding whether to select such investment funds, products or companies for investment by its clients or to recommend such funds, products or companies to its clients, in deciding how to manage such investments, and in deciding when to realize such investments. For example, J.P. Morgan earns compensation from private investment funds or their sponsors for providing certain Services, and JPMPI would otherwise have an incentive to favor such funds over other funds with which J.P. Morgan has no relationship when investing on behalf of, or recommending investments to, its clients because such investments potentially increase J.P. Morgan's overall revenue. In addition, J.P. Morgan derives ancillary benefits from providing such Services.



Therefore, it is important for clients to know that J.P. Morgan has policies which seek to ensure the receipt of compensation as described above does not affect J.P. Morgan's decisions and recommendations to clients. Wealth management maintains various types of internal information barriers and other policies that are designed to prevent certain information from being shared or transmitted to other business units within wealth management and within J.P. Morgan more broadly. JPMPI relies on these information barriers to protect the integrity of its investment process and to comply with fiduciary duties and regulatory obligations.

***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. JPMPI believes that there are adequate amounts of other securities available that will allow clients to generally meet the same investment performance regardless of the fact that clients are precluded from investing in certain securities because of affiliate activities.

***Conflicts Related to Advisers and Service Providers***

Certain advisers or service providers to clients managed by JPMPI (including investment advisers, 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 advisers 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 advisers and service providers. These relationships could have the appearance of affecting or could potentially influence JPMPI in deciding whether to select or recommend such advisers or 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).

***Capacity and Other Limitations on Investment Positions***

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. JPMPI is also more

likely to select a J.P. Morgan Affiliated Fund in circumstances where it would not be able to invest all desired client assets in a particular non-J.P. Morgan Fund due to these limitations. This could result in performance dispersion among accounts with similar investment objectives.

#### ***Clients' Investments in Affiliated Companies***

Subject to applicable law, from time to time JPMPI will include Funds, equity instruments or other securities in model portfolios, and therefore client accounts that represent an indirect interest in securities of J.P. Morgan, including J.P. Morgan stock. JPMPI will receive advisory fees on the portion of client holdings invested in such instruments or other securities and is entitled to vote or otherwise exercise rights and take actions with respect to such instruments or other securities on behalf of its clients. Generally, such activity occurs when a client account includes an index strategy that targets the returns of certain indices in which J.P. Morgan securities are a key component.

#### ***Clients' Investments in Deposit Sweep***

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

Deposits with JPMCB are covered by the FDIC, up to applicable limits.

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

#### ***Restrictions Relating to J.P. Morgan Directorships/Affiliations***

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 will sell an investment to, acquire an investment from or otherwise engage in a transaction with, J.P. Morgan. The presence of such persons in these circumstances will generally require the relevant person to recuse himself or herself from participating in the transaction, or cause J.P. Morgan to determine that it (or its client) is unable to pursue the transaction because of a potential conflict of interest. In such cases, the investment opportunities available to the clients and the ability of such clients to engage in transactions or retain certain investments or assets will be limited.

### ***Other Compensation from Funds***

Certain Funds in which JPMPI may invest account assets will execute transactions for their portfolios through JPMS or an affiliate as broker-dealer, and JPMS or an affiliate would receive compensation from the Funds in connection with these transactions. Such compensation presents a conflict of interest between JPMPI and its clients because JPMPI would have a financial incentive to invest account assets in such Funds: (1) in the hope or expectation that increasing the amount of assets invested with the Funds will increase the number and/or size of transactions placed by the Funds for execution by JPMS or an affiliate or other related person, and thereby result in increased compensation to JPMS and its affiliates and other related persons in the aggregate; and (2) to benefit the Funds and thereby preserve and foster valuable brokerage relationships with the Funds.

### ***Payment for Order Flow***

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

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

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

### ***Ownership Interest in J.P. Morgan Stock***

Certain asset management firms (each, an "asset manager") through their funds and separately managed accounts currently hold a 5% or more ownership interest in J.P. Morgan publicly traded stock. This ownership interest presents a conflict of interest when JPMCB, JPMS, JPMPI and J.P. Morgan (collectively "JPM") recommends or purchases the publicly traded security of the asset manager or the separately managed accounts or funds that are managed or advised by the asset manager. JPM addresses this conflict by disclosing the ownership interest of the asset manager and by subjecting the asset manager's separately managed accounts and funds to a research process. Additionally, the financial advisers and portfolio managers that may purchase or recommend securities, separately managed accounts and funds of an asset manager that has an ownership interest in J.P. Morgan, do not receive any additional compensation for that purchase or recommendation. A fund ownership interest in J.P. Morgan can cause the fund and its affiliates to determine that they are unable to pursue a transaction or the transaction will be limited or the

timing altered. J.P. Morgan monitors ownership interests in J.P. Morgan for regulatory purposes and to identify and mitigate actual and perceived conflicts of interest. As of December 31, 2019, both Vanguard and BlackRock hold more than a 5% interest in J.P. Morgan.

### ***Potential Conflicts Relating to Follow-On Investments for C-BoS***

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

### ***Use of J.P. Morgan Affiliated Funds and SMA Managers and Potential Conflicts of Interest***

#### **Investment Principles and Potential Conflicts of Interest**

Conflicts of interest will arise whenever J.P. Morgan has an actual or perceived economic or other incentive in its management of clients' portfolios to act in a way that benefits J.P. Morgan. Conflicts will result, for example (to the extent the following activities are permitted in the account): (1) when J.P. Morgan invests in an investment product, such as a mutual fund, structured product, separately managed account or hedge fund issued or managed by JPMCB or an affiliate, such as JPMIM; (2) when a J.P. Morgan entity obtains services, including trade execution and trade clearing, from an affiliate; (3) when J.P. Morgan receives payment as a result of purchasing an investment product for a client's account; or (4) when J.P. Morgan receives payment for providing services (including shareholder servicing, recordkeeping or custody) with respect to investment products purchased for a client's portfolio. Other conflicts will result because of relationships that J.P. Morgan has with other clients or when J.P. Morgan acts for its own account.

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

As a general matter, JPMPI prefers J.P. Morgan managed strategies. JPMPI expects the proportion of J.P. Morgan managed strategies will be high (in fact, up to 100 percent) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations. JPMPI may allocate a significant portion of the assets in JPMCAP, CSP and Multi-Manager Select Advisory Strategy to J.P. Morgan Affiliated Funds. That portion varies depending on market or other conditions.

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

The Six Circles Funds are mutual funds advised by JPMPI and sub-advised by third-parties. Although considered internally managed strategies, neither JPMPI nor its affiliates retain a fee for fund management or other fund services.

### **Separately Managed Accounts**

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

## **IMPORTANT INFORMATION ABOUT MUTUAL FUNDS AND EXCHANGE-TRADED FUNDS REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED**

### **J.P. Morgan Affiliated Funds - Management Fees**

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

### **J.P. Morgan Affiliated Funds and Third-Party Funds - Other Fees and Expenses**

All Funds have various internal fees and other expenses, that are paid by managers or issuers of the Funds or by the Fund itself, but that ultimately are borne by the investor. J.P. Morgan may receive administrative and servicing and other fees for providing services to both J.P. Morgan Affiliated Funds and third-party funds that are held in the client's portfolio. These payments may be made by sponsors of the Funds (including affiliates of JPMPI) or by the Funds themselves and may be based on the value of the Funds in the client's portfolio. Funds or their sponsors may have other business relationships with J.P. Morgan outside of its portfolio management role or with the broker-dealer affiliates of J.P. Morgan, which may provide brokerage or other services that pay commissions, fees and other compensation.

### **Six Circles Funds**

JPMPI has developed the Six Circles Funds exclusively for use in investment advisory accounts. The Six Circles Funds are available through investment advisory accounts managed by JPMPI, including JPMCAP and CSP, and its affiliates.

The Six Circles Funds are funds specifically designed by JPMPI and its affiliates for use in discretionary accounts as completion funds to align with J.P. Morgan's core portfolio views. JPMPI acts as investment adviser to the Six Circles Funds and engages unaffiliated investment managers as sub-advisers to the Six Circles Funds' investment portfolios. J.P. Morgan will experience certain benefits and efficiencies from investing account assets in the Six Circles Funds instead of unaffiliated investment vehicles; however, JPMPI does not retain investment advisory fees for managing the Six Circles Funds through an agreement to waive any investment advisory fees that exceed the fees owed to the Six Circles Funds' third-party sub-advisers. The Six Circles Funds do not pay fees to JPMPI or its affiliates for any other services to the Six

Circles Funds. Services are provided by third-party service providers and are generally paid by the Six Circles Funds or J.P. Morgan. (The market value of assets invested in the Six Circles Funds will be included in calculating the advisory fees paid on the overall Program investment advisory account.)

***Allocations of Client Assets to J.P. Morgan Affiliated Funds (Including New Funds)***

J.P. Morgan has an incentive to allocate assets to new J.P. Morgan Affiliated Funds to help it develop new investment strategies and products. J.P. Morgan has an incentive to allocate assets of the portfolios to a J.P. Morgan Affiliated Fund that is small, or to which J.P. Morgan has provided seed capital. In addition, J.P. Morgan benefits when JPMPI does not sell or withdraw assets from a J.P. Morgan Affiliated Fund in order to avoid or delay the sale or withdrawal's adverse impact on the fund. Accounts managed by J.P. Morgan have significant ownership in certain J.P. Morgan Affiliated Funds. J.P. Morgan faces conflicts of interest when considering the effect of sales or redemptions on such funds and on other fund shareholders in deciding whether and when to redeem its shares. A large sale or redemption of shares by J.P. Morgan acting on behalf of its clients could result in the underlying J.P. Morgan Affiliated Fund selling securities when it otherwise would not have done so, potentially increasing transaction costs and adversely affecting fund performance. A large sale or redemption could also significantly reduce the assets of the fund, causing decreased liquidity and, depending on any applicable expense caps, a higher expense ratio, or liquidation of the fund. J.P. Morgan has policies and controls in place to govern and monitor its activities and processes for identifying and managing conflicts of interest.

***Principal and Agency Transactions***

Although JPMPI does not do so currently in the Programs described in this Brochure, as permitted by applicable law (including relevant consent requirements), JPMPI, acting on behalf of its advisory accounts, from time to time, can enter into transactions in principal transactions with or through J.P. Morgan. A "principal transaction" occurs if JPMPI, acting on behalf its advisory accounts, knowingly buys a security from, or sells a security to, JPMPI's or its affiliate's own account.

Although JPMPI does not do so currently in the Programs described in this Brochure, when permitted by applicable law and JPMPI's policy (including relevant consent requirements), JPMPI, acting on behalf of its advisory accounts, can cause client accounts to engage in cross transactions and agency cross transactions with or through J.P. Morgan.

A "cross transaction" occurs when JPMPI arranges a transaction between different advisory clients where they buy and sell securities or other instruments from, or to each other. For example, in some instances a security to be sold by one client account would independently be considered appropriate for purchase by another client account. In such cases, JPMPI may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees would be incurred, no part of such fees will be received by JPMPI.

An "agency cross transaction" occurs if J.P. Morgan acts as broker for, and receives a commission from a client account of JPMPI on one side of the transaction and a brokerage account on the other side of the transaction in connection with the purchase or sale of securities by JPMPI's client account.

JPMPI faces potentially conflicting division of loyalties and responsibilities to the parties in the above transactions, including with respect to a decision to enter into such transactions as well as with respect to valuation, pricing and other terms. JPMPI addresses this conflict by ensuring that no such transactions will be effected unless JPMPI determines that the transaction is in the best interest of each client account and permitted by applicable law.

***Potential Conflicts Relating to Valuation***

JPMPI does not value securities in the Program client accounts or provide assistance in connection with such valuation. JPMS, as custodian for the Program client accounts, values securities in such client accounts. There is an inherent conflict of interest where JPMS, an affiliate of JPMPI, values securities or assets in client accounts or provides any assistance in connection with such valuation and JPMS and JPMPI are receiving a fee based on the value of such assets. Overvaluing certain positions held by clients will inflate the value of the client assets as well as the performance record of such client accounts, which would likely increase the fees payable to JPMS and JPMPI. As a result, there will be circumstances where JPMS is incentivized to determine valuations that are higher than the actual fair value of investments. In addition, JPMS may use multiple valuation sources that provide different values for a single asset. 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 will include valuations that are provided by third-parties, when appropriate, as well as comprehensive internal valuation methodologies. As a result, the determination of an account's asset values may differ for different purposes and different statements, reviews and reports.

On occasion, JPMS utilizes the services of affiliated pricing vendors for assistance with the pricing of certain securities. In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with established policies and procedures. Fair value situations could include, but are not limited to:

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

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

JPMPI or one of its related persons may, for its own account, buy or sell securities or other instruments that JPMPI has recommended to clients or purchased or sold for its clients. As a result, positions taken by JPMPI and its related persons will be the same as or different from, or made contemporaneously with or at different times than, positions taken for clients of JPMPI. As these situations may involve actual or potential conflicts of interest, JPMPI has adopted policies and procedures relating to personal securities transactions, insider trading, and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee

trading, reporting requirements, and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. JPMPI has also implemented monitoring systems designed to ensure compliance with these policies and procedures.

### ***J.P. Morgan's Proprietary Investments***

JPMPI, J.P. Morgan, and any of their directors, partners, officers, agents or employees, also buy, sell or trade securities for their own accounts or the proprietary accounts of JPMPI and/or J.P. Morgan. JPMPI and/or J.P. Morgan, within their discretion, can make different investment decisions and take other actions with respect to their proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. The proprietary activities, investments or portfolio strategies of JPMPI and/or J.P. Morgan give rise to a conflict of interest with the transactions and strategies employed by JPMPI on behalf of its clients and affect the prices and availability of the investment opportunities in which JPMPI invests on behalf of its clients. 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 purchase or sell for their own accounts or the proprietary accounts of JPMPI or J.P. Morgan. JPMPI, J.P. Morgan, and their respective directors, officers and employees face a conflict of interest as they will have income or other incentives to favor their own accounts or the proprietary accounts of JPMPI or J.P. Morgan.

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

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

In addition, potential conflicts of interest also exist when J.P. Morgan maintains certain overall investment limitations on positions in securities or other financial instruments due to, among other things, investment restrictions imposed upon J.P. Morgan by law, regulation, contract or internal policies. These limitations have precluded and, in the future could preclude, JPMPI from including particular securities or financial instruments in its portfolios, even if the securities or financial instruments would otherwise meet the investment objectives of such portfolio. For example, there are limits on the aggregate amount of investments by affiliated investors in certain types of securities within a particular industry group that cannot 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, 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 be consummated by JPMPI on behalf of its clients will not take place, will be limited in their size or will be delayed.

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

D. Conflicts of Interest Created by Contemporaneous Trading

***Recommendation or Investments in Securities that JPMPI or Its Related Persons may also Purchase or Sell***

JPMPI and its related persons may recommend or invest in securities on behalf of its clients that JPMPI and its related persons may also purchase or sell. For example, JPMS sponsors a Fixed Income Advisory Program, which includes the DFI investment strategies managed by JPMIM portfolio managers. DFI also provides taxable investment grade and high yield as well as municipal bond portfolios to JPMS clients that employ a similar “buy and hold” (intention is to hold bonds to maturity) strategy to that of C-MAP and C-TAX. In addition to JPMPI, JPMCB, an affiliate of JPMPI, manages a similar strategy. Please see below in Item 12 for more information on Participating Accounts. As a result, positions taken by JPMPI and its related persons will be the same as or different from, or made contemporaneously or at different times than, positions taken for other accounts by JPMIM or JPMCB. As these situations involve actual or potential conflicts of interest, JPMPI has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients.

### ***Conflicts Related to the Advising of Multiple Accounts***

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

Also it is JPMPI's policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of JPMPI's other client accounts may at any time hold, acquire, increase, decrease, dispose of, or otherwise deal with positions in investments in which another client account would have an interest. For instance, due to differences in investment strategies, JPMPI might sell a security for a client at the same time that it might hold or purchase the same security for a different client.

Positions taken by a certain client account can also dilute or otherwise negatively affect the values, prices or investment strategies associated with positions held by a different client account. For example, this can occur when investment decisions for one client are based on research or other information that is also used to support portfolio decisions by JPMPI or an affiliate for a different client following the same, similar, or different investment strategies or by an affiliate of JPMPI in managing its clients' accounts. When a portfolio decision or strategy is implemented for an account ahead of, or contemporaneously with, similar portfolio decisions or strategies for JPMPI or an affiliate's other client (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints or other factors could result in one account being disadvantaged or receiving less favorable investment results than the other account, and the costs of implementing such portfolio decisions or strategies could be increased.

In addition, it may be perceived as a conflict of interest when activity in one account closely correlates with the activity in a similar account, such as when a purchase by one account increases the value of the same securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. Furthermore, if JPMPI or an affiliate manages accounts that engage in short sales of securities in which other accounts invest, JPMPI or its affiliate could be seen as harming the performance of one account for the benefit of the account engaging in short sales if the short sales cause the market value of the securities to fall.

### ***Conflicts Related to Allocation to Affiliate Accounts***

Potential conflicts of interest also arise involving both the aggregation of trade orders and allocation of securities transactions or investment opportunities. Allocations of aggregated trades and allocation of investment opportunities raise a potential conflict of interest because JPMPI has an incentive to allocate trades or investment opportunities to certain accounts or funds. Fees earned for accounts managed by affiliates ("Affiliate Accounts") can be different than fees for the Programs. In addition, the assets under management for individual Affiliate Accounts are generally higher than the assets under management for individual Program accounts and therefore, affiliates can receive more gross compensation with respect to Affiliate Accounts than JPMS and JPMPI receive from Program accounts. This creates a potential conflict of interest for JPMPI and its affiliates or the portfolio managers by providing an incentive to favor these Affiliate Accounts as to time spent managing such accounts, placing securities transactions or when allocating securities to clients. JPMPI has established policies, procedures and practices to manage the conflicts described above to assure that accounts are treated equitably and fairly over time. See Item 12 below for more information.

## **ITEM 12**

### **Brokerage Practices**

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

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

In the event JPMPI selects other brokers for the above Programs, as well as all trades in C-BoS, for the execution of transactions for client accounts, it does so in accordance with its best execution policies and procedures. In making decisions about best execution, JPMPI considers some of the factors below, including:

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

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

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

JPMPI does not receive research or other soft dollar benefits in connection with client transactions in the Programs.

**2. Brokerage for Client Referrals.**

JPMPI does not compensate persons for client referrals to the Programs.

**3. Directed Brokerage.**

Clients are not permitted to direct brokerage in the Programs.

**B. Order Aggregation**

JPMPI generally aggregates contemporaneous purchase or sale orders of the same security or Fund across multiple client accounts (the "Participating Accounts"). Pursuant to JPMPI's trade aggregation and allocation policies and procedures, JPMPI determines the appropriate facts and circumstances under which it will aggregate trade orders depending on the particular asset class, investment strategy or type of security or instrument and timing of order flow and execution. It then will seek to allocate the order fairly and equitably across platforms, products, strategies within one product, and across accounts, generally on a pro-rata basis.

When Participating Accounts' orders are aggregated, the orders will be placed with JPMS or if best execution can be achieved by executing away it will be placed with one or more broker-dealers or other counterparties for execution. When an order or block trade is not completely filled in one trade and the order is filled at several different prices, JPMPI generally allocates the securities or other instruments purchased or the proceeds of any sale pro-rata, subject to odd lots, rounding, and market practice, among the Participating Accounts, based on such accounts' relative size.

**JPMPI Exceptions to the Pro-Rata Allocation and Aggregation**

Although aggregating orders and pro-rata allocation is the preferred methodology for processing trades, when there are large Fund orders, whether purchasing or selling, for a Program (JPMCAP, CSP and Advisory Program - Multi-Manager SAS) or for different strategies within a Program (e.g., conservative, balanced, growth and aggressive growth investment strategies), the trades are generally not aggregated and allocated on a pro-rata basis. For example, large Fund orders are not aggregated or allocated on a pro-rata basis if portfolio management decisions relating to the orders are made separately, or if client orders from certain Programs or groups of Participating Accounts are not ready to trade at the same time as other Participating Accounts or if aggregating orders are not practicable from an operational or other perspective. JPMPI's trading guidelines for the Funds provide an established mechanism for creating a random trade schedule to determine the order in which trade instructions are transmitted for each Program or strategy. The trade schedule can be adjusted based on market circumstances in order to allow a complete Program or strategy to be filled on a particular trading day. Orders from certain Programs could

consistently be processed on a lag from those of others Programs investing in the same Funds or securities due to a Program's processing limitations, leading to divergence in pricing and performance. Another exception to the order aggregation is when a portfolio manager manages two strategies (such as the Digital Evolution Strategy and the Innovators Strategy), in which case trades of the same security will not always be aggregated. Orders from certain strategies could be processed at different times and with different pricing from those of others strategies investing in the same securities.

Additionally, in some instances, trading restrictions imposed by client guidelines might preclude such client from being included in the aggregation of trades or a pro-rata allocation, in which case the aggregated trades of the other clients will be executed in advance of the trade for the client account that is precluded.

Adjustments or changes will also be made on a basis other than pro-rata under certain circumstances such as, but not limited to, cash investments, cash disbursements, operational issues with accounts, the avoidance of odd lots or small allocations or the satisfaction of account cash flows or the compliance with investment guidelines.

Where there is an exception to pro-rata allocation, pricing received by clients across Participating Accounts will likely differ.

#### **JPMPI and its Affiliates Limitations on Trade Orders**

Certain JPMPI, JPMCB and JPMIM portfolio managers manage similar strategies and the trades are not aggregated together for all clients.

JPMPI portfolio managers can place trades in specific securities simultaneously with the trading activities of other clients in a similar security (including certain clients of JPMCB and JPMIM). In order to seek to ensure that all clients are receiving similar trading experiences and in order to minimize potential execution costs arising from the market impact of trading the same securities, JPMPI will implement trade order volume controls. A trade order volume control will limit the amount of trading in a specific security to a determined percentage of the daily market volume.

Additionally, for JPMPI Programs that invest in Funds, if JPMPI redeems a large position in a Fund together with JPMCB, certain Funds may require JPMPI and JPMCB to sell out of the Fund in multiple transactions over the course of a long period. Therefore, JPMPI and JPMCB can have different execution experiences. In addition, when purchasing the same Funds for JPMPI and JPMCB, generally, for operational reasons, certain trades will be executed for JPMCB clients ahead of JPMPI clients.

In the course of monitoring the above-noted trading activities, JPMPI attempts to ensure that its clients are treated fairly and equitably over time compared to other clients.

Notwithstanding the above, order aggregation for Multi-Manager SAS and JPMCAP accounts that will remain in the Legacy Models/Strategies will be implemented differently from current Multi-Manager SAS and JPMCAP as previously described in Item 4.B, which can lead to a difference in performance. Transition Models, as previously described in Item 4.B, will be implemented in a similar fashion to the corresponding JPMCAP models.

### **Exceptions for C-BoS**

For C-BoS, orders for different strategies or programs managed by JPMPI are not aggregated if portfolio management decisions relating to the orders are made separately or if aggregating orders is not practicable from an operational or other perspective. In addition, certain JPMPI portfolio managers manage similar strategies that are available through JPMPI's affiliates and that are not aggregated with orders for clients invested in this program. In some instances, trading restrictions imposed by client guidelines might preclude the aggregation of trades, in which case, the aggregated trades will be executed in advance of the trade for the client account that is precluded.

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

For the primary market, before entering an order to purchase a security, the portfolio manager will decide and indicate the participating client accounts and the intended allocation for each of those clients' accounts based on each client's Customized Portfolio (the "Initial Indication"). The Initial Indication is generally 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. At any future time, if cash is remaining in one or more C-BoS accounts, the portfolio manager can make a determination to buy bonds or securities in the Secondary Market following JPMPI's trade aggregation and allocation policies and procedures, as described above.

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

### **Trade Errors**

Trade errors and other operational mistakes occasionally occur in connection with JPMPI's management of client accounts. JPMPI has developed policies and procedures that address the identification and correction of trade errors. Errors can result from a variety of situations including, situations involving portfolio management (e.g., inadvertent violation of investment restrictions), trading, processing or other

functions (e.g., miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.).

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

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

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

#### **Conflicts of Interest Related to Aggregation and Allocation**

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 could 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 would also 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 13

### Review of Accounts

#### A. Frequency and Nature of Review of Client Accounts

JPMPI creates guidelines and periodically reviews the investment strategies, Funds, and SMA Managers available in JPMCAP, CSP, Advisory Program - SAS, STRATIS and MFAP in an effort to ensure that the strategies, Funds, and SMA Managers continue to meet applicable requirements. For C-BoS accounts, the C-BoS portfolio manager creates guidelines and periodically reviews the underlying holdings in an effort to ensure that the strategies continue to meet applicable requirements and that each C-BoS account aligns with its Customized Portfolio. For accounts where JPMPI has discretion and that have requested investment restrictions, JPMPI is responsible for periodically monitoring the accounts to ensure compliance with the requested restrictions. JPMPI reviews individual client accounts for adherence with the guidelines.

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

For JPMCAP, CSP, Advisory Program - SAS and STRATIS, JPMPI performs a review of an individual client account on an other than periodic basis, including but not limited to, when a JPMPI portfolio manager changes an allocation to an investment strategy model, an account drifts or deviates from its respective investment strategy model, upon a client request relating to the account (e.g. the addition or withdrawal of funds by the client), or a corporate action.

For C-BoS, 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 to Program clients. Clients receive written account statements from JPMS or the client's custodian 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 Program accounts. Notwithstanding the forgoing and subject to compliance with applicable law, JPMPI and/or its affiliates 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. J.P. Morgan may receive administrative and servicing and other fees for providing services to both J.P. Morgan Affiliated Funds and third-party funds that are held in the client's portfolio. While JPMPI has



an obligation to make decisions for the best interests of its clients, in certain circumstances, JPMPI can make investments or decisions that result in greater fees, allocations, compensation, or other benefits to J.P. Morgan than if other decisions had been made which also might have been appropriate.

The Code of Conduct does not permit employees to accept anything of value personally in connection with the business of the firm. Subject to strictly enforced compliance policies, in limited circumstances exceptions will 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 a Program.

**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 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 JPMS. Clients should also carefully review such account statements. Clients are encouraged to compare the account statements that they receive from their qualified custodian with those that they receive from JPMS to the extent JPMS is not the custodian. 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**

JPMS and the client enter into an investment advisory agreement authorizing JPMPI to act on behalf of the account. The agreement authorizes JPMPI to supervise and direct the investment and reinvestment of assets in the client's account on the client's behalf and at the client's risk.

**JPMCAP and CSP**

JPMPI has full discretionary authority, to be exercised in its exclusive judgment and consistent with the investment strategy selected by the client, to determine the allocation of assets among mutual funds and ETFs and, at appropriate asset levels, Liquid Alternative Funds or other securities through SMA Managers; to remove or replace Funds or SMA Managers; and to provide trade instructions to JPMS for each investment strategy.

**SAS, STRATIS and C-BoS**

JPMPPI 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 among Funds or other securities; to remove or replace Funds or other securities; and, as applicable, to provide trade instructions to JPMS or third-party brokers for each investment strategy.

**MFAP**

In MFAP, JPMPPI creates the strategic asset allocation targets and asset allocation ranges for the MFAP Models and to approve, remove or replace Funds available to clients in the MFAP Models. The Funds may be changed from time to time by JPMPPI, and appropriate trades will be effected in client accounts to conform to those changes, without notice to clients. In addition, asset allocation percentages may be changed from time to time by JPMPPI,

**Research Services - PMP, DFI, STRATIS (other than JPMPPI) and other JPMS Advisory Programs**

JPMPPI provides research services with respect to certain strategies offered by JPMS and does not have investment discretion.

**ITEM 17**

**Voting Client Securities**

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

**JPMCAP, CSP, SAS and C-BoS**

JPMPPI 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.

JPMPPI 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. 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. JPMPPI 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, JPMPPI 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.

## **STRATIS**

JPMPI has delegated proxy voting authority to JPMIM to be voted in accordance with policies and procedures for J.P. Morgan Asset Management ("JPMAM"), the marketing name for the Asset Management businesses of J.P. Morgan. The following discussion is based on JPMIM's discussion of its arrangements in its Form ADV Part 2A. To ensure that the proxies are voted in the best interests of its clients and to prevent material conflicts of interest, JPMAM has adopted a Proxy Voting Policy (the "Proxy Voting Policy") within their Compliance Program and detailed written proxy voting procedures ("Proxy Procedures") pursuant to Rule 206(4)-6 under the Advisers Act. The Proxy Voting Policy and Proxy Procedures incorporate detailed guidelines ("Proxy Guidelines") which address proxy voting with respect to a wide variety of topics including: shareholder voting rights, anti-takeover defenses, board structure, the election of directors, executive and director compensation, mergers and corporate restructuring and social and environmental issues. The Proxy Guidelines have been developed and approved by the applicable Proxy Committee with the objective of encouraging corporate action that enhances shareholder value. Although for many matters the Proxy Guidelines specify the votes to be cast, for many others, the Proxy Guidelines contemplate case-by-case determinations. In addition, because proxy proposals and individual company facts and circumstances may vary, JPMAM may override the Proxy Guidelines if it reasonably believes it is in the client's best interest to do so.

### **JPMAM Proxy Administrator and Proxy Committee**

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

### **JPMAM Proxy Voting Process**

JPMAM's investment professionals monitor the corporate actions of the companies held in their clients' portfolios to determine how to vote individual proxies in accordance with the Proxy Procedures and Proxy Guidelines. To assist its investment professionals with proxy voting proposals, JPMAM may retain the services of a third-party proxy voting service (the "Proxy Service"). JPMAM will also retain the Proxy Service in situations where a material conflict of interest may exist. The Proxy Service may assist in the implementation and administration of certain proxy voting-related functions including operational, recordkeeping and reporting services. The Proxy Service also provides JPMAM with comprehensive analysis of proxy proposals as well as recommendations on how to vote each proposal that reflect the Proxy Service's application of the JPMAM's Proxy Guidelines to particular proxy issues. In situations where the Proxy Guidelines are silent or recommend a case-by-case analysis, the Proxy Administrator will forward the Proxy Service's recommendations to JPMAM's investment professionals who will determine if the recommendations should be accepted. In certain limited instances, JPMAM may delegate its proxy voting authority to the Proxy Service in whole or in part in respect of certain securities held in index replication portfolios.

## Mitigating Potential Conflicts

To maintain the integrity and independence of JPMAM's investment processes and decisions, including proxy voting decisions, and to protect JPMAM's decisions from undue influences that could lead to a vote other than in the clients' best interests, J.P. Morgan has adopted a policy pertaining to safeguarding information and established formal informational barriers. Examples of material conflicts of interest that could arise include, without limitation, circumstances in which: (i) management of a client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor is soliciting proxies and failure to vote in favor of management may harm JPMAM's relationship with such company and materially impact JPMAM's business; or (ii) a personal relationship between a JPMAM officer and management of a company or other proponent of a proxy proposal could impact JPMAM voting decisions.

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

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

A conflict is deemed to exist when the proxy involves JPMC stock or J.P. Morgan Funds, or when the Proxy Administrator has actual knowledge that an affiliate is an investment banker or investment bank, or rendered a fairness opinion with respect to the matter that is the subject of the proxy vote. When such conflicts are identified, the proxy will be voted by an independent third party either in accordance with the Guidelines or by the third-party using its own guidelines, provided, however, that JPMAM investment professional(s) may request an exception to this process to vote against a proposal rather than referring it to an independent third party ("Exception Request") where the Proxy Administrator has actual knowledge indicating that an affiliate is an investment banker or rendered a fairness opinion with respect to the matter that is the subject of a proxy vote. The proxy committee shall review the Exception Request and shall determine whether JPMAM should vote against the proposal or whether such proxy should still be referred to an independent third party due to the potential for additional conflicts or otherwise. The resolution of all potential and actual material conflict issues will be documented to demonstrate that JPMAM acted in the best interests of its clients.

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

Corporate actions for STRATIS will be handled in a similar manner as the description above in "JPMCAP, CSP, SAS and C-BoS" of this Item 17.

**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.