

# FORM ADV, PART 2A

## APPENDIX 1

### WRAP FEE PROGRAM BROCHURE

J.P. Morgan Securities LLC

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SEC File No. 801-3702

<https://www.jpmorgan.com/wealth-management/wealth-partners/securities/adv>

**Portfolio Advisor Program**  
**Portfolio Manager Program**  
**Strategic Investment Services Program**  
**Customized Bond Solutions Program**  
**Unified Managed Account Program**  
**Investment Counseling Service Program**  
**J.P. Morgan Core Advisory Portfolio Program**  
**Horizon Program**

J.P. Morgan Securities LLC sponsors other wrap fee programs in addition to those discussed in this brochure. You can obtain brochures for the other programs by contacting us at (800) 999-2000.

This wrap fee program brochure provides information about the qualifications and business practices of J.P. Morgan Securities LLC. If you have any questions about the contents of this brochure, please contact us at (800) 999-2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about J.P. Morgan Securities LLC also is available on the SEC's website at <https://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 (the "Brochure") is dated March 30, 2021 and is the annual update to the Brochure. Clients should carefully review this Brochure in its entirety. JPMS has made the following material and other updates since the previous Programs brochures were filed:

#### All Programs

- JPMS Form ADV Part 2A brochures for PA, PM, C-BoS and Consulting Services (STRATIS, ICS, Horizon, UMA and JPMCAP) were re-organized and combined for this Brochure.
- Item 4 has been updated to replace the term "Financial Advisors" with "Wealth Advisors."
- Item 4.i has been updated to enhance the disclosure regarding investment restrictions that can be requested by clients in certain Programs.

- Item 6.iii has been updated to enhance the disclosure regarding the conflicts of interest that may be faced when a related person acts as a Model Portfolio Provider.
- Item 6.iv has been updated to include a potential conflict J.P. Morgan may have in utilizing affiliated Model Portfolio Providers, as it increases the overall revenue of J.P. Morgan.
- Item 6.vi has been updated to enhance risk disclosure related to infectious diseases, ETFs and index mutual funds and LIBOR discontinuance or unavailability.

#### J.P. Morgan Securities Portfolio Advisor Program (PA)

- See All Programs, above.
- Item 4.i has been updated to clarify that share class conversion is applicable to money market funds.
- Item 6.vi has been updated to include risk disclosure related to SPACs for which JPMS and its affiliates underwrote the IPO.

#### J.P. Morgan Securities Portfolio Manager Program (PM)

- See All Programs, above.
- Item 4.i has been updated to clarify that share class conversion is applicable to money market funds.
- Item 6.vi has been updated to include risk disclosure related to SPACs for which JPMS and its affiliates underwrote the IPO.

#### J.P. Morgan Securities Strategic Investment Services Program (STRATIS)

- See All Programs, above.
- Item 4.i has been updated to disclose that on or after April 1, 2021, the portfolio management team for certain JPMPI-managed strategies (Focused Dividend Growth, Digital Evolution Strategy, and Innovators Strategies Transfer) in STRATIS will transition to JPMIM. JPMIM will act as a Model Portfolio Provider and provide a Model Portfolio to JPMS, as sponsor, who will then delegate implementation to JPMPI as implementation manager.

#### Customized Bond Solutions Program (C-BoS)

- See All Programs, above.
- Item 4.ii has been updated to note that JPMIM's component of the Fee generally ranges from 0.11% to 0.25% annually.
- As previously communicated, JPMIM has replaced JPMPI as Portfolio Manager for C-BoS and the language of this Brochure has been updated to reflect this change.

#### J.P. Morgan Securities Unified Managed Account Program (UMA)

- See All Programs, above.
- Item 4.i has been updated to clarify that share class conversion is applicable to money market funds.

#### J.P. Morgan Securities Investment Counseling Service Program (ICS)

- See All Programs, above.
- Item 4.i has been updated to clarify that, given the dual contract nature of ICS, JPMS relies on the accuracy and completeness of the information the client provides (or that is provided on the client's behalf).

#### J.P. Morgan Core Advisory Portfolio Program (JPMCAP)

- See All Programs, above.
- Item 4.i has been updated to clarify that JPMS and JPMPI have full discretionary investment advisory authority.
- Item 4.i has been updated to clarify that share class conversion is applicable to money market funds.

#### J.P. Morgan Securities Horizon Program (Horizon)

- See All Programs, above.
- Item 4 has been updated to note that, beginning on or after June 30, 2021, Horizon will be closed and that, if the client does not transition

#### INVESTMENT AND INSURANCE PRODUCTS ARE:

- NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES
- SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

their assets to a new Program by such date, the accounts will revert to full-service non-managed brokerage accounts.

- Item 4.i has been updated to clarify that share class conversion is applicable to money market funds.

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

J.P. Morgan Securities LLC (“JPMS” or the “Firm”) is a wholly-owned subsidiary of JPMorgan Chase & Co. (“JPMC”), a publicly-held financial services holding company. JPMC and its affiliates (together, “J.P. Morgan”) are engaged in a large number of financial businesses worldwide, including banking, asset management, securities brokerage and investment advisory services. JPMS is registered as a broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). JPMS’ investment advisory services include sponsoring a variety of wrap-fee programs and providing certain consulting services to defined contribution plan sponsors.

JPMS offers investment advisory services through three separate sales channels. Two of the channels are identified by the title of the J.P. Morgan representative responsible for the client’s relationship – in one channel, representatives are referred to as “Wealth Advisors” or “Wealth Partners” (collectively referred to herein as “Wealth Advisors” and each, a “Wealth Advisor”) and in the other as “Private Client Advisors”. The third channel is the online channel, where the J.P. Morgan Automated Investing service is offered. Wrap-fee programs that offer the same and similar investment strategies are offered in the different sales channels and at different fee levels. The wrap-fee clients pay for investment advisory services will vary depending on the investment advisory program clients select. In particular, J.P. Morgan Automated Investing service, a digital advisory program only offered online, is different than the investment advisory programs offered in the other sales channels, in terms of available investment strategies, service, structure and fees.

This Brochure provides information about JPMS and the following investment advisory programs offered by JPMS: Portfolio Advisor Program (“PA”), Portfolio Manager Program (“PM”), Strategic Investment Services Program (“STRATIS”), Customized Bond Solutions Program (“C-BoS”), Unified Managed Account Program (“UMA”), Investment Counseling Service Program (“ICS”), J.P. Morgan Core Advisory Portfolio (“JPMCAP”) and the Horizon Program (“Horizon”) (collectively, the “Programs”). **Beginning on or after June 30, 2021, Horizon will be closed, as JPMS offers similar programs with compatible features, greater flexibility and more investment choices.**

In this Brochure, the term “Portfolio Manager” refers to a client’s discretionary investment adviser or implementation manager, which for certain Programs may be JPMS or its affiliates, including (but not limited to) J.P. Morgan Private Investments, Inc. (“JPMPI”) and/or J.P. Morgan Investment Management, Inc. (“JPMIM”), or in certain Programs, the overlay manager (e.g., the UMA Overlay Manager (as defined below)) and/or a Joint Discretion Manager (as defined below). The term “Model Portfolio Provider” refers to the non-discretionary investment advisers that provide a model portfolio (“Model Portfolio”). The term “Funds” refers to mutual funds and/or exchange-traded funds (“ETFs”).

Information about other programs sponsored by JPMS are contained in separate Brochures, which can be obtained upon request from a Wealth Advisor, or at the SEC’s website at <https://www.adviserinfo.sec.gov/IAPD>. The Form ADV Part 2A brochure for each Portfolio Manager and Model Portfolio Provider available in certain of the Programs is also available at the SEC’s website at <https://www.adviserinfo.sec.gov/IAPD>.

## i. Services

Pursuant to an investment advisory agreement between client and JPMS (the “Client Agreement”), clients pay a single asset-based wrap-fee (the “Fee”) for participation in and investment advisory services received through the Programs. In the Programs, JPMS and/or its affiliates typically provide clients not only with investment advice but also with trade execution, clearing, settlement, custody, and reporting services. When provided by JPMS, these trade execution, clearing, settlement, custodial and reporting services are included in the Fee.

JPMS tailors its investment advisory services to the individual needs of clients in a Program. JPMS’ recommendation of a Program as suitable for a particular client is typically based on the client’s financial circumstances, investment objective and risk tolerance for the assets he or she wishes to invest and other information provided by the client prior to opening an account.

For most Programs, clients may seek to impose reasonable investment restrictions on the management of their Program account assets, including designating particular securities that should not be purchased for an account. In addition, certain Portfolio Managers (i.e., STRATIS and UMA), in their sole discretion, may also accommodate reasonable investment restriction requests on categories of securities related to a sector or industry (e.g., weapons or tobacco). In order to implement category investment restrictions, JPMS and/or the Portfolio Manager may rely on information about a company, industry classification, industry grouping and/or issuer screening provided by a third party. Category restrictions aim to screen companies with revenue derived from the restricted category, but they do not exclude all companies with any tie or revenue derived from such restricted category. If a client holds an investment that is perceived to belong to the restricted category, such security will be sold and could trigger a taxable event to the client. JPMS does not guarantee or validate the accuracy of any third party screenings or processes which are not absolute, may change at any time and could result in the portfolio holding investments in companies that derive revenue from the restricted category. If a client’s investment is perceived to belong to the restricted category, such security will be sold and could trigger a taxable event to the client.

Where applicable, JPMS will communicate any client-requested investment restrictions to the Portfolio Manager(s) for an account. All investment restriction requests are subject to acceptance as reasonable by JPMS, in its sole discretion, and where applicable, by the Portfolio Manager(s) in their sole discretion. Please note that reasonable investment restrictions will not apply to the underlying portfolio of any Fund that is held or purchased in an account. Along these lines, category investment restrictions will not be applied to strategies that invest only in Funds, nor will they be applied to investments made by Funds, so it is possible that a client’s category investment restriction(s) would not have any practical effect on an account comprised primarily of Funds. The termination or removal of an account from a Program will also terminate any client-imposed investment restrictions previously accepted by JPMS or a Portfolio Manager for that account, and such restrictions will not be applicable to the account as a brokerage account or other account outside of the Program.

Any restrictions clients impose on the management of their accounts can limit JPMS’ or the Portfolio Manager’s ability to make investments or take advantage of opportunities and could cause the account to perform differently than similar unrestricted accounts.

Please note, however, that the ability to request reasonable investment restrictions is *not applicable* to accounts in PA or Horizon. Since PA and Horizon are nondiscretionary Programs in which clients retain final investment decision making authority, clients remain responsible for adhering to any investment restriction they deem appropriate.

Generally, JPMS will act as custodian for the securities held in accounts in the Programs. For certain Programs, in limited circumstances, upon a client’s request and direction with JPMS’ consent, a client may utilize the services of certain unaffiliated, third-party custodians to custody the assets held in the client’s Program account(s). Any such arrangements are not

included in the Fee and the client will pay any and all separate fees and expenses as agreed upon by and between client and any such unaffiliated, third-party custodian.

## THE PROGRAMS

### *Portfolio Advisor Program (“PA”)*

PA is intended for investors who seek to establish strategic investment goals and receive ongoing investment advice, but wish to retain ultimate decision-making authority over the trading activity in their account. PA is not intended for clients who maintain consistently high levels of cash, money market mutual funds or other short-term securities, or for clients who engage in trading activity that is not consistent with the investment advice provided through PA.

One or more Wealth Advisors, who are employees and investment advisory representatives of JPMS, will advise the client’s PA account on a non-discretionary basis and provide information and advice in accordance with the client’s investment objective and risk tolerance. This advice may include recommendations to purchase or sell assets in the account. Because PA accounts are advised on a non-discretionary basis, the client’s Wealth Advisor will only effect transactions for the PA account after receipt of client approval to effect a transaction.

Based on information the client provides, JPMS assists the client in assessing the client’s investment objectives, risk tolerance, liquidity needs and other relevant factors to help develop a customized target asset allocation for the account in connection with portfolio construction. The client is solely responsible for making all decisions regarding the adoption and implementation of the client’s investment objective, risk tolerance and target asset allocation. Once an allocation is established, JPMS will propose investment recommendations to a client that may include equities, fixed income, Funds and/or other investment vehicles to aid the construction of the investment portfolio. Where suitable and appropriate for a particular client, such recommendations may include options and/or structured products approved for PA. When the client adopts a particular target asset allocation, the actual asset allocation of the client’s PA account may change over time due to fluctuations in the market value of account assets, client additions or withdrawals and/or investment decisions by the client that deviate from JPMS’ advice or the target allocation. JPMS will contact the client periodically to review the PA account to assist the client in ensuring that the account remains consistent with the client’s investment objective and risk tolerance and within appropriate asset allocation parameters. The client retains final decision-making authority and responsibility for the selection of, and any changes to, the investment objective, risk tolerance, the target and/or actual asset allocation, and the particular securities and other assets held in the account.

JPMS generally permits clients to place unsolicited orders for the purchase and/or sale of securities in PA accounts, subject to any limits, restrictions and/or conditions JPMS may choose to enforce on such orders and JPMS’ right, in its sole discretion, to decline to accept or effect such an order in a PA account at any time, with or without prior notice to the client.

### *Portfolio Manager Program (“PM”)*

PM is designed for investors who seek to delegate discretion for investment decisions in their account to certain approved Wealth Advisors. PM is a discretionary Program in which JPMS will manage the PM account on a discretionary basis in accordance with a client’s investment objective, risk tolerance, etc., subject only to any reasonable investment restrictions provided to and accepted by JPMS. Management of PM accounts will be implemented by one or more specific Wealth Advisors in accordance with the Wealth Advisor’s individual investment style and strategy or strategies, taking into consideration each client’s financial situation, investment objective and risk tolerance for the particular PM account. Each client’s grant of discretion to JPMS typically includes the client’s authorization of JPMS to invest in securities and other investments of any nature whatsoever, at the time and in the manner that JPMS determines, and to act on the client’s behalf in all other matters necessary or incidental to the

handling of the account, without having to first obtain an “order” from the client or discussing these transactions or actions with the client in advance. One or more Wealth Advisors will be directly responsible for making the investment decisions for the account and will be reasonably available to discuss the management of the account with the client.

For PM, the degree of consistency or uniformity with which a Wealth Advisor applies a particular investment strategy across all of the Program accounts he or she manages in the strategy varies from Wealth Advisor to Wealth Advisor and strategy to strategy; in all cases, however, the client’s individual situation and needs are considered by the Wealth Advisor in his or her initial assessment of whether any of his or her strategies is suited to the client’s financial circumstances and achievement of the client’s objective.

#### ***Strategic Investment Services Program (“STRATIS”)***

STRATIS is designed to offer clients discretionary investment management services and strategies through a select group of Portfolio Managers. Portfolio Managers and strategies available through STRATIS are reviewed and approved by J.P. Morgan or one or more third parties engaged by it (which may be affiliates of JPMS) on a periodic basis, as described in further detail below. Accordingly, from time to time JPMS may add or remove specific Portfolio Managers and/or strategies to or from STRATIS, as further discussed below.

Based on the investment objective(s) and risk tolerance that the clients provide to JPMS, the client consults with one or more Wealth Advisors to determine how to invest through STRATIS and for assistance in selecting from the Portfolio Manager(s) and strategies from among those available through STRATIS. Although JPMS will assist clients in identifying suitable Portfolio Managers and strategies in which to invest, clients are responsible for selecting the Portfolio Managers and strategy for their accounts. JPMS will notify each Portfolio Manager of a client’s selection of the Portfolio Manager and the applicable strategy. JPMS will also provide each Portfolio Manager with information about the client and the account, as provided by the client during the account opening process. If a Portfolio Manager accepts an account, the Portfolio Manager will manage it on a discretionary basis. JPMS can in its sole discretion refuse to allow a client to utilize a particular Portfolio Manager or strategy through STRATIS.

In the event a strategy is removed from STRATIS, JPMS will provide written notice to clients in which it may designate another strategy in STRATIS as the default replacement for the STRATIS assets invested in the removed strategy. If JPMS designates such a default replacement, each affected client will be notified in writing that, unless the client affirmatively selects, in writing, a replacement strategy by the date specified by JPMS, the client’s assets in the removed strategy will automatically be re-invested into the designated default replacement strategy, without further notice to or consent of the client. In designating a default replacement (if any), JPMS will consider the appropriateness of the strategies available in STRATIS as suitable replacements for the removed strategy. The sale of the client’s assets in the removed strategy may have tax consequences for the client.

If a client requests tax harvesting, JPMS or the Portfolio Manager may sell certain investments at a gain or loss to offset the client’s tax liability. If utilizing tax harvesting, the client’s account holdings can differ from those accounts that do not utilize such election, and therefore performance will likely differ. JPMS or the Portfolio Manager may reject a client’s request for tax harvesting in whole or in part, at its discretion.

Unless JPMS specifically agrees otherwise, clients are responsible for monitoring a Portfolio Manager’s adherence to or consistency with any investment restrictions or guidelines that have been submitted by the client for the account and accepted by the Portfolio Manager. JPMS has no responsibility for monitoring STRATIS accounts, even if JPMS assisted the client in determining an asset allocation and/or identifying Portfolio Managers and/or strategies. Unless specifically agreed to by JPMS, JPMS is not obligated to provide ongoing advice with respect to the client’s selection of any Portfolio Manager or strategy. JPMS is not responsible for the management of any STRATIS account, including the consistency of the

management of any account with the client’s investment objective for the account or any other information provided by the client.

***Focused Dividend Growth, Digital Evolution Strategy, and Innovators Strategies Transfer.*** On or after April 1, 2021, the portfolio management team for certain JPMPI-managed strategies in STRATIS will transition to JPMIM. JPMIM will act as a Model Portfolio Provider and provide a Model Portfolio to JPMS, as sponsor, who will then delegate implementation to JPMPI as implementation manager. As implementation manager, JPMPI will generally purchase and sell in the accounts investments that are consistent with the Model Portfolios provided by the Model Portfolio Provider, though JPMPI will retain investment discretion over the account investments.

#### ***Customized Bond Solutions Program (“C-BoS”)***

C-BoS is designed to provide discretionary investment management services in separately managed accounts by an affiliated Portfolio Manager, JPMIM. Based on information provided to JPMS by a client, JPMS will assist such client in selecting a suitable C-BoS strategy in which to invest from those made available by JPMS, which currently include the Customized Taxable Bond Portfolio Strategy (“C-TAX”), the Customized Municipal Bond Portfolio Strategy (“C-MAP”) and the Customized Preferreds Portfolio Strategy (“C-PREP”). Clients should review the Portfolio Manager’s Form ADV 2A for additional risk factors, conflicts of interest and other important information. All C-BoS accounts are customized to the individual client’s investment needs.

Clients determine how to invest through C-BoS after consulting with a Wealth Advisor. Clients may request that JPMS assist them in the review, evaluation and/or formulation of investment objectives. Clients are responsible for making all decisions regarding the adoption and implementation of any investment objectives. JPMS will notify the Portfolio Manager of the client’s selection and the strategy and will also provide the Portfolio Manager with information about the client and the account as provided by the client during the account opening process. If the Portfolio Manager accepts an account, the Portfolio Manager will manage it on a discretionary basis.

The Portfolio Manager manages client accounts in C-BoS in accordance with each client’s specific guidelines, investment objectives and any reasonable investment restrictions that the client has provided to JPMS and the Portfolio Manager and the Portfolio Manager has accepted.

Unless JPMS specifically agrees otherwise, clients are responsible for monitoring the Portfolio Manager’s adherence to or consistency with any investment restrictions and/or guidelines that have been submitted by the client for the account and accepted by the Portfolio Manager. JPMS has no responsibility for monitoring C-BoS accounts, even if JPMS assisted the client in determining an asset allocation and/or identified the Portfolio Manager as a portfolio manager to the client. Unless specifically agreed to by JPMS, JPMS is not obligated to provide ongoing advice with respect to the client’s selection of the Portfolio Manager or the strategy. JPMS is not responsible for the management of any C-BoS account, including the consistency of the management of any account with the client’s investment objective for the account or any other information provided by the client.

#### ***Unified Managed Account Program (“UMA”)***

In UMA, clients appoint Envestnet Asset Management, Inc. (the “UMA Overlay Manager”), an unaffiliated Portfolio Manager, to manage client accounts on a discretionary basis. Clients can allocate UMA account assets to available Model Portfolios that are provided to the UMA Overlay Manager by affiliated or unaffiliated Model Portfolio Providers for the UMA Overlay Manager’s use in managing the account and/or to available investment strategies (“Joint Discretion Strategies”) that are managed jointly by the UMA Overlay Manager and affiliated and unaffiliated investment advisers (“Joint Discretion Managers”). In addition, clients can also choose to allocate account assets to specific securities made available through UMA, which are typically Funds, but from time to time also may include other types of securities. The discretionary management of client assets by the UMA Overlay Manager and any Joint Discretion Managers and the

investment of assets in specific securities selected by the client take place in a single, unified JPMS account.

Clients determine how to invest through UMA after consulting with a Wealth Advisor. In connection with opening a UMA account, clients will answer a series of questions relating to the client's investment objective(s), goals, time horizon and risk tolerance, which will identify the risk profile for the account. Each listed risk profile has a recommended range for asset class weightings associated with it. The risk profile will dictate a target asset allocation for the account. JPMS will typically work with and assist the client in developing the target allocation. The client may deviate from the recommended asset class weightings for the selected risk profile, but can only deviate to the next, more conservative risk profile (e.g., the target allocation selected for an account with a moderate risk profile can select the target allocation for the moderately conservative risk profile).

The client then selects investment strategies that correspond to the target allocation to create the "Target Portfolio". The investment strategies available through UMA are implemented in three different ways: (1) the UMA Overlay Manager's discretionary management of UMA assets according to Model Portfolios provided by Model Portfolio Providers and selected by the client; (2) discretionary management of UMA assets by the UMA Overlay Manager and Joint Discretion Managers, jointly, according to Joint Discretion Strategies selected by the client; and/or (3) specific securities selected by the client. The investment styles for the selected Model Portfolios, Joint Discretion Strategies and/or securities generally correspond to the target allocation. In addition, upon request from the client, JPMS will identify and present the client with specific Model Portfolios, Joint Discretion Strategies and securities to create the Target Portfolio and assist the client, on a non-discretionary basis, in allocating assets among them based on the information the client provides to JPMS, including the risk profile for the UMA account.

JPMS determines which UMA Overlay Manager, Model Portfolios, Joint Discretion Strategies and securities are available through UMA, and reviews (or arranges for the review of) the UMA Overlay Manager, Model Portfolios, Joint Discretion Strategies and securities on a periodic basis to determine whether they will continue to meet the investment needs of UMA clients. Accordingly, from time to time JPMS may change the UMA Overlay Manager and/or add and remove specific Model Portfolios, Joint Discretion Strategies and securities to and from UMA, as further described below.

Even though JPMS will identify and recommend to the client suitable Model Portfolios, Joint Discretion Strategies and/or securities, the client is responsible for the ultimate selection of the Model Portfolios, Joint Discretion Strategies and/or securities for their account(s), as well as the target allocation and the Target Portfolio.

In the event a Model Portfolio, Joint Discretion Strategy or security is removed from the Program, JPMS may designate another Model Portfolio, Joint Discretion Strategy or security as the default replacement for UMA assets invested in the removed Model Portfolio, Joint Discretion Strategy or security. If JPMS designates such a default replacement, each affected client will be notified in writing that, unless the client affirmatively selects a replacement by the date specified by JPMS, the client's assets in the removed Model Portfolio, Joint Discretion Strategy or security will automatically be re-invested into the designated default replacement, without further notice to or consent of the client. In designating a default replacement, JPMS will consider the appropriateness of the Model Portfolios, Joint Discretion Strategies and securities available in UMA as suitable replacements for the removed Model Portfolio, Joint Discretion Strategy or security. If a Model Portfolio, Joint Discretion Strategy or security is removed from UMA and JPMS does not designate a default replacement, the client's UMA assets invested according to the removed Model Portfolio or Joint Discretion Strategy or security will automatically be re-invested into an ETF available in UMA, selected by JPMS, that is in an asset class or employs an investment strategy similar (as determined by JPMS) to that of the removed Model Portfolio, Joint Discretion Strategy or security, unless the client affirmatively selects a replacement of the client's own choosing by the date specified by JPMS. Regardless of whether JPMS

designates a default replacement, the sale of the client's assets in the removed Model Portfolio, Joint Discretion Strategy or security may have tax consequences for the client.

JPMS will notify the UMA Overlay Manager of the client's Target Portfolio and will give the UMA Overlay Manager information about the client, including any investment restrictions the client wishes to place on the investments in the UMA account.

Clients who select one or more Model Portfolios authorize the UMA Overlay Manager to manage the UMA assets allocated to those Model Portfolios on a discretionary basis in accordance with each Model Portfolio selected. Typically, the UMA Overlay Manager will initially invest UMA assets the client has allocated to each Model Portfolio in a manner consistent with that Model Portfolio. As the Model Portfolio Provider makes changes to the Model Portfolio and communicates those changes to the UMA Overlay Manager, the UMA Overlay Manager generally will manage the account to reflect those changes. However, the UMA Overlay Manager can deviate, at any time and in its sole discretion, from the Model Portfolio. Thus, the performance between Model Portfolios and the strategies as implemented in UMA accounts will vary.

The UMA Overlay Manager has a direct investment advisory relationship with the client and is not an agent or sub-adviser of JPMS in UMA. Similarly, each Joint Discretion Manager has a direct investment advisory relationship with the clients that select any of its Joint Discretion Strategies, and is not an agent or sub-adviser of JPMS in UMA. However, clients do **not** have an independent contractual relationship and will not be an advisory or any other type of client of any Model Portfolio Providers (which provide their Model Portfolios to the UMA Overlay Manager for the UMA Overlay Manager to use in its discretion) or with the issuers of securities or such issuers' advisers.

The actual allocation of the account may change over time due to fluctuations in the market value of UMA assets and/or additions to or withdrawals from the account by the client. In addition, a change in the client information provided to JPMS or other circumstances may warrant a change to a client's target allocation or Target Portfolio. Each client is solely responsible for monitoring the account's risk profile, including whether the management of UMA assets conforms to the risk profile. Each client is further responsible for monitoring the actual allocation of the account on an ongoing basis and determining whether to instruct the UMA Overlay Manager to rebalance and/or reallocate UMA assets. It may take up to ten business days to implement a request from a client to change a Model Portfolio, Joint Discretion Strategy or security.

If elected by the Client, the UMA Overlay Manager will implement tax management services ("Tax Management Services") for securities held in accordance with Model Portfolios and/or Joint Discretion Strategies in the account. In providing Tax Management Services, the UMA Overlay Manager will, subject to client-imposed restrictions and investment guidelines accepted by the UMA Overlay Manager, consider the tax consequences of transactions in the account and evaluate the implementation of the Model Portfolios and/or Joint Discretion Strategies in the context of such consequences. Investment restrictions and guidelines accepted by the UMA Overlay Manager will take precedence over Tax Management Services and may impact the ability of the UMA Overlay Manager to improve after-tax returns. The UMA Overlay Manager can, in light of other considerations in an account, effect transactions even though they may generate tax liabilities, including short-term taxable income, or exceed or violate any of the limits or mandates identified by the client. The UMA Overlay Manager makes no guarantee that tax liability in the account will be reduced or that any indicated limits or mandates will be met. The UMA Overlay Manager does not provide tax management with respect to securities, although any additional Fee charged for Tax Management Services will be based on and applied to the market value of all assets in the account, including securities. Accordingly, Tax Management Services are more appropriate and likely to prove more effective for an account that is more heavily concentrated in Model Portfolios and/or Joint Discretion Strategies than in securities. Tax

Management Services are available for U.S. taxable clients but not for tax-exempt clients.

If the client discontinues Tax Management Services, the UMA Overlay Manager will begin managing the account as if it never were tax managed, which may result in the recognition of significant short-term taxable gains. The UMA Overlay Manager will not be responsible for any such gains that may be realized in managing the client's account after the termination of Tax Management Services. The UMA Overlay Manager will generally accept specific tax gain and loss requests for taxable accounts that are not enrolled in Tax Management Services, but the extent to which the UMA Overlay Manager implements such a request may be affected by its qualitative assessment of market liquidity; typically, after December 15 of each calendar year, the UMA Overlay Manager may experience reduced liquidity in the market and determine that executing a client's tax gain or loss request in such an environment would not be in the client's best interest. For this reason, the client should typically make tax-related trading requests before December 15 of each calendar year. In general, specific tax gain and loss requests are not appropriate for accounts enrolled in Tax Management Services, but may be implemented on an exception basis in the sole discretion of the UMA Overlay Manager.

The client may elect to place customized impact restrictions (e.g., socially conscious restrictions) on the management of their account ("Impact Overlay Services"), subject to the acceptance of UMA Overlay Manager and/or each Joint Discretion Manager selected by client, as applicable. If a client elects to enroll in Impact Overlay Services, the UMA Overlay Manager will receive an additional fee for the services, which will be applied to all assets in the account, including securities. If a client has already elected for the UMA Overlay Manager to implement Tax Management Services, an additional fee for Impact Overlay Services will typically not be charged.

The client may elect to have the UMA Overlay Manager rebalance the account on a quarterly, semi-annual or annual basis. The client also may request an *ad hoc* rebalancing review to be implemented as soon as practicable upon receipt of such request by the UMA Overlay Manager. The UMA Overlay Manager will evaluate the account at the interval selected by the client to determine if the account should be considered for rebalancing. Accounts for which quarterly rebalancing is selected will be evaluated after being managed for one full calendar quarter after the account has been accepted into the Program; accounts for which semi-annual rebalancing is selected will be evaluated after being managed for two full calendar quarters after the account has been accepted into the Program; and accounts for which annual rebalancing is selected will be evaluated after being managed for four full calendar quarters after the account has been accepted into the Program. Rebalancing takes into consideration the weight of each Model Portfolio, Joint Discretion Strategy and securities in the account as of the end of the applicable period and represents a weighting of the account's Target Portfolio.

Upon evaluating the account for rebalancing, the UMA Overlay Manager can decide not to rebalance the UMA account, in whole or in part, if in its discretion it would be in the account's best interest not to do so. In addition, if a rebalancing would entail the purchase of additional shares of a security that has been scheduled for removal from UMA, the account may not be rebalanced. If the UMA Overlay Manager determines that the account should be rebalanced, it will initiate transactions with a goal of restoring the account as closely as practicable to the Target Portfolio. Large cash contributions and/or withdrawals may cause the UMA Overlay Manager to seek to invest such contributions or to raise proceeds to fund withdrawals, as the case may be, in a manner so as to bring the account in closer alignment with the Target Portfolio. For clients who elect to receive Tax Management Services, the UMA Overlay Manager will evaluate the trade-off between rebalancing the account and the tax consequences in light of any constraints or tax mandates identified by the client; such considerations may cause the UMA Overlay Manager not to rebalance the account. Further, accounts enrolled in Tax Management Services may not be restored as closely to their respective Target Portfolios as accounts without Tax Management Services if, in the UMA Overlay Manager's opinion, doing so would generate excessive tax liabilities. For clients whose

accounts are not tax-exempt, rebalancing may result in possibly substantial taxable gains or losses. JPMS will not be liable for any tax consequences of rebalancing or other transactions in Program accounts. The UMA Overlay Manager may disregard certain smaller positions in securities when making rebalancing decisions; in addition, the rebalancing of the account is typically subject to any security's availability and any minimum purchase requirement set forth in the security's prospectus.

Clients are solely responsible for monitoring the UMA Overlay Manager's adherence to or consistency with the client's risk profile, target allocation, Target Portfolio, any tax gain or loss requests and mandates, and any investment restrictions, guidelines and/or policies that have been submitted by the client and accepted by the UMA Overlay Manager. JPMS has no responsibility for monitoring particular UMA accounts for any such adherence or consistency, even if JPMS assisted the client with determining the target allocation, identified Model Portfolios, Joint Discretion Strategies and securities for the client's Target Portfolio and/or assisted the client in developing restrictions, guidelines and/or policies. In addition, unless specifically agreed to by JPMS, JPMS is not obligated to provide ongoing advice with respect to the client's selection of any Model Portfolio, Joint Discretion Strategy or security, and clients are solely responsible for determining whether a change in the client's circumstances may warrant a change to the client's target allocation or selection of Model Portfolios, Joint Discretion Strategies and/or securities. While the client is solely responsible for the selection of Model Portfolios, Joint Discretion Strategies and/or Funds, and determining the percentage allocation to each, the UMA Overlay Manager (jointly with any Joint Discretion Manager client may select) maintains discretion over day-to-day portfolio decisions, trading and account administration, and is responsible for coordinating Model Portfolio, Joint Discretion Strategy and/or Fund transactions. JPMS is not responsible for the management of UMA accounts, including the conformity of the management of each account to any information provided by the client.

Currently, the UMA Overlay Manager is reviewed as part of JPMS' vendor management process. JPMS could determine as a result of its vendor management reviews and/or other information or events that Envestnet should be replaced as the UMA Overlay Manager or that the UMA account should be modified or terminated. JPMS will notify clients in UMA in the event JPMS' agreement with Envestnet is terminated.

### ***Investment Counseling Service Program ("ICS")***

ICS provides clients access to discretionary investment management services of client accounts in accordance with certain strategies managed by third-party Portfolio Managers. Based on the investment objective(s), risk tolerance and other information clients provide to JPMS, the clients consult with one or more Wealth Advisors to determine how to invest ICS assets. At the client's request, and based on the information the client provided, a Wealth Advisor will identify and present the client with one or more Portfolio Managers and strategies that are in the universe of Portfolio Managers and strategies that JPMS periodically reviews (the "ICS Universe"). JPMS identifies Portfolio Managers and strategies that appear to be suitable for the client based on the information the client provides to JPMS, including (unless the client invests assets with a Portfolio Manager or strategy outside the ICS Universe) the client's investment objective and risk tolerance for the ICS assets. Although JPMS will identify and recommend suitable Portfolio Managers and strategies to clients requesting it, clients are responsible for selecting the Portfolio Managers and strategies for their accounts.

In addition to entering into the Client Agreement with JPMS, clients will enter into a separate investment management agreement (the "IM Agreement") with each Portfolio Manager they select. As part of the IM Agreement, clients will grant each selected Portfolio Manager complete and sole discretionary trading authorization over the applicable ICS account(s). Given the dual contract nature of ICS, JPMS relies on the accuracy and completeness of the information the client provides (or that is provided on the client's behalf) in connection the applicable ICS accounts without further investigation, including the strategy selected for such



accounts. Unless the Portfolio Manager has agreed with the client to notify JPMS of any change of the selected strategy, JPMS will have no knowledge of such change until it receives notice of the change from the client or the Portfolio Manager; such notice will only be effective if it is in writing or confirmed by JPMS in writing.

If a client requests tax harvesting, JPMS or the Portfolio Manager may sell certain investments at a gain or loss to offset the client’s tax liability. If utilizing tax harvesting, the client’s account holdings can differ from those accounts that do not utilize such election and therefore performance will likely differ. JPMS or the Portfolio Manager may reject a client’s request for tax harvesting in whole or in part, at its discretion.

Each client is responsible for monitoring the client’s ICS account(s). This monitoring includes reviewing any asset allocation between or among strategies on an ongoing basis and determining whether to rebalance and/or reallocate the ICS assets, as applicable. The actual allocation of the ICS assets may change over time due to fluctuations in market value of the ICS assets and/or additions or withdrawals by the client. In addition, clients are responsible for determining whether a change in the client’s circumstances may warrant a change to the client’s strategy selection.

Clients are responsible for monitoring a Portfolio Manager’s adherence to or consistency with any investment restrictions or guidelines that have been submitted by the client for the account and accepted by the Portfolio Manager. JPMS has no responsibility for monitoring ICS accounts, even if JPMS assisted the client in selecting a Portfolio Manager and strategy in ICS, or in determining an asset allocation or in developing investment restrictions and/or guidelines. Unless specifically agreed to by JPMS, JPMS is not obligated to provide ongoing advice with respect to the client’s selection of any Portfolio Manager or strategy. JPMS is not responsible for the management of any ICS account, including the consistency of the management of any account with the client’s investment objective for the account or any other information provided by the client.

JPMS determines which Portfolio Managers and strategies are available in the ICS Universe, and reviews (or arranges for the review of) such Portfolio Managers and strategies on a periodic basis to determine whether they will continue to meet the investment needs of ICS clients. Accordingly, JPMS may add or remove specific Portfolio Managers and/or strategies to or from the ICS Universe at any time. Please refer to Item 6.ii for more information.

JPMS generally does not recommend the replacement of a particular Portfolio Manager or strategy for a particular client unless JPMS removes the Portfolio Manager or strategy from the Program, in which event JPMS may assist the client in identifying a suitable replacement manager and/or strategy based on the same types of factors used by JPMS to identify Portfolio Managers and strategies for ICS clients in the first instance.

In certain circumstances, a client may be permitted to maintain ICS assets with a Portfolio Manager or in a strategy that no longer is, or never was, in ICS. While the client in such cases will typically receive the other services customarily provided by JPMS and its affiliates in the Program to clients, JPMS will not perform periodic reviews of any such Portfolio Manager or strategy. In addition, JPMS (and its affiliates) may have access to or may collect information about Portfolio Managers and strategies that are not in the ICS Universe, but they have no obligation to share any such information with any client, even if such information is negative or reflects poorly on the relevant Portfolio Manager or strategy. Any strategy that is not specifically included in the ICS Universe is excluded. If clients select a Portfolio Manager and strategy that are not in the ICS Universe, they will not receive the full range of consulting services available in ICS for Portfolio Managers and strategies that are part of the ICS Universe. Clients will pay the full Fee to JPMS for any account invested in a Portfolio Manager’s strategy that is not part of the ICS Universe, even though they will not receive all of the services, including initial and ongoing reviews of such Portfolio Managers and strategies, that other clients utilizing Portfolio Managers and strategies in the ICS Universe may receive.

JPMS may also determine that it will no longer permit clients to maintain ICS assets with a Portfolio Manager or in a strategy that is not in the ICS

Universe. In such cases, clients may select a Portfolio Manager or strategy that is part of the ICS Universe or JPMS may terminate the ICS account.

### J.P. Morgan Core Advisory Portfolio Program (“JPMCAP”)

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 open-end mutual Funds. 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 or non-J.P. Morgan Funds, as described further below.

Clients with at least \$250,000 in JPMCAP can elect to include funds that hold more non-traditional investments and employ more complex strategies than traditional mutual funds (“Liquid Alternative Funds”); please refer to “Liquid Alternative Funds” in Item 6.vi below for more information and a detailed description of the risks associated with investing in Liquid Alternative Funds.

JPMPI, as sub-adviser of JPMCAP, is responsible for securities selection (including selecting Funds for investment) and determining portfolio construction. Funds available through JPMCAP include both Funds sponsored or managed by affiliates of JPMS (“J.P. Morgan Funds” or “J.P. Morgan-affiliated Funds”) or by Funds managed by third party asset managers (“non-J.P. Morgan Funds” or “unaffiliated Funds”). A portion of the assets in JPMCAP models are expected to be invested in J.P. Morgan Funds. See “Use of J.P. Morgan Funds and Model Portfolio Providers and Potential Conflicts of Interest” below for more information on the use of J.P. Morgan Funds.

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

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 generally available for clients regardless of whether they are eligible to include or have elected to include Liquid Alternative Funds in their accounts. The aggressive growth investment strategies are only available to those clients who are eligible for and have elected to include Liquid Alternative Funds in their account. Liquid Alternative Funds are not available in managed equities or managed fixed income strategies. For more information on these investment strategies and related risks, clients should review the advisory brochure for JMPPI, which can be obtained upon request from a Wealth Advisor or at the SEC’s website at <https://www.adviserinfo.sec.gov>.

The investment strategies that are available based on the level of client assets in JPMCAP are summarized in the table below:

Client Program Assets	Available Investment Strategies					
	Conservative	Balanced	Growth	Aggressive Growth	Managed Fixed Income	Managed Equities
\$10,000 and over	Yes	Yes	Yes	No	No	Yes
\$250,000 and over	Yes	Yes	Yes	Yes <sup>1</sup>	Yes	Yes

<sup>1</sup> If include Liquid Alternative Funds.

JPMS has delegated certain of its discretionary responsibilities and authority to JMPPI as the Program’s sub-adviser. JMPPI is an affiliate of JPMS. JMPPI, as the sub-adviser, constructs and evaluates the investment

strategies and selects the Funds available through the Program using due diligence produced by JPMPI. JPMS oversees the selections using an investment policy statement and remains responsible for overseeing JPMPI's role as sub-adviser.

The investment policy statement specifies investment guidelines established by JPMS, including those designed by JPMS to address operational considerations. These operational considerations, such as Fund concentration, and capacity issues, can affect the timing of certain tactical trades and can 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. It is JPMS' 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.

JPMS and JPMPI have full discretionary investment advisory authority, to be exercised in their exclusive judgment and consistent with the investment strategy selected by the client, to determine asset allocation, the allocation of assets among Funds and, at appropriate asset levels, Liquid Alternative Funds to select, add, remove and/or replace Funds; and to purchase and sell Funds and other securities for Program accounts.

JPMS has also retained JPMPI as the overlay manager for JPMCAP accounts. JPMPI, as the overlay manager for JPMCAP, provides portfolio implementation and coordination services to JPMCAP accounts. Overlay manager services include: (1) managing the accounts on a discretionary basis by implementing instructions to purchase, hold, or sell securities with broker-dealers or shares of Funds; (2) continuously monitoring the account holdings and coordinating the trading activity; and (3) implementing specific reasonable restrictions requested by the client that are placed on the accounts. In providing services to JPMS, JPMPI relies on affiliated and unaffiliated third parties to fulfill its services as overlay manager.

**Rebalancing.** Since rebalancing has tax implications for most clients, unless the account is in an Individual retirement account ("IRA"), or another qualified retirement plan not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Program accounts will be rebalanced only if the percentage variance at the asset class level exceeds a threshold amount that has been established as effective for rebalancing to the investment strategy. To rebalance the account, shares of Funds in the client's account that are underweight or overweight compared to their asset class percentage in the model are bought or sold, as applicable, until the account holdings are consistent with the client's selected model. Over time, the Funds will appreciate (or depreciate) in value at different rates. Client asset allocations will be reviewed relative to the selected investment strategy and JPMPI will generally rebalance the Program account to the allocation in the chosen investment strategy when the asset allocation percentages deviate from parameters established by JPMS. To rebalance the account, shares of Funds that are underweight or overweight compared to their asset class percentages in the investment strategy will be bought or sold, as applicable, until the account holdings are consistent with the investment strategy. Without rebalancing, the change in the percentages of each asset class held will change the level of risk from the risk level that is associated with the original model and/or with the allocations in the selected investment strategy.

**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.** 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 of which are not. However, clients can elect to have their accounts (other than cash and liquidity Funds) implemented using Index Oriented Vehicles. JPMCAP offers clients the option to implement certain account investment strategies using an Index Oriented Vehicle election, as described below.

For purposes of JPMCAP'S Index Oriented Vehicle election: "Passively Managed Vehicles" include ETFs and index mutual funds; "Actively Managed Vehicles" include mutual funds. In determining whether a

particular Actively Managed Vehicle or Passively Managed Vehicle can be considered an "Index Oriented Vehicle," JPMPI will, using research and vehicle evaluation from its affiliates, 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 an Index Oriented Vehicle will perform in line with, or in excess of, the underlying index. 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, can 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 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) to better reflect 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, as defined and further described below.

When a client elects to implement his or her JPMCAP account using Index Oriented Vehicles, it can affect the 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 can 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 Funds, 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 Funds). See "Use of J.P. Morgan Funds and Model Portfolio Providers and Potential Conflicts of Interest" below.

**Option to Use non-J.P. Morgan Funds.** As described below in "Use of J.P. Morgan Funds and Model Managers and Potential Conflicts of Interest", JPMPI prefers J.P. Morgan Funds. However, clients can elect to exclude from their JPMCAP accounts J.P. Morgan managed strategies (except for J.P. Morgan managed cash and liquidity products), including strategies managed by J.P. Morgan where a party other than J.P. Morgan is appointed investment adviser. This "Non-Proprietary Strategy Election" excludes from JPMCAP accounts J.P. Morgan Funds (except money market mutual funds).

Currently, the Non-Proprietary Strategy Election is available for all JPMCAP strategies, including where clients are eligible for and have elected to include Liquid Alternative Funds in their accounts. It is possible that the availability of this election will change in the future.

When a client elects to exclude J.P. Morgan managed strategies, it can affect the ability to make investments, access asset classes, or take advantage of opportunities that are available to clients who do not make the Non-Proprietary Strategy Election. As a result, performance of an account with an election can differ from the performance of other accounts without an election.

To the extent a client holds J.P. Morgan managed investments in an existing JPMCAP account at the time of making the Non-Proprietary Strategy Election, there can be tax consequences as a result of the Non-Proprietary Strategy Election. Clients should consult their own tax advisors before making the Non-Proprietary Strategy Election. In addition, sales of Funds can be subject to redemption fees. There can be a period of time after



making the Non-Proprietary Strategy Election during which J.P. Morgan managed investments remain in a client's account.

**Liquid Alternative Funds.** For additional information related to risks associated with Liquid Alternative Funds, please refer to Item 6.vi.

**Retirement Accounts.** Retirement accounts are currently restricted from investing in JPMCAP models utilizing J.P. Morgan Funds. As a result, performance of retirement accounts would differ from non-retirement accounts invested in the same strategy.

#### **Horizon Program ("Horizon")**

***Beginning on or after June 30, 2021, Horizon will be closed, as JPMS offers similar programs with compatible features, greater flexibility and more investment choices. Clients may generally be able to continue to hold the same investment in their portfolio(s) if clients decide to transition to another Program. If the client does not transition their assets to a new Program, the accounts will revert to full-service non-managed brokerage account(s) on or after June 30, 2021.***

Horizon allows clients to select securities made available through Horizon on a non-discretionary basis after consultation with JPMS. The securities available through Horizon are typically Funds, but from time to time, may also include other types of securities. Clients determine how to invest through Horizon assets after consulting with one or more Wealth Advisors. Clients may request that JPMS assist them in the review, evaluation and/or formulation of investment objectives. Clients are responsible for making all decisions regarding the adoption and implementation of any investment objectives.

Clients may also request that JPMS identify a possible asset allocation for Horizon assets and specific Horizon securities to fulfill the asset allocation. Clients then select specific Horizon securities for their accounts and designate the percentage of Horizon assets to be invested in each. The target allocation is set forth on a schedule to the Client Agreement. A client may modify the target allocation at any time. Clients retain final decision-making authority and sole responsibility for the adoption of a target allocation and for the purchase or sale of Horizon securities. Accordingly, except as described below, JPMS will perform no discretionary transactions and will effect transactions only as instructed by the client.

JPMS determines which securities are available through Horizon, and reviews (or arranges for the review of) the Horizon securities on a periodic basis to determine whether they will continue to meet the investment needs of Horizon clients. Accordingly, from time to time, JPMS may add or remove specific securities to or from Horizon.

In the event it removes a security from Horizon, JPMS may designate another security as the default replacement for Horizon assets invested in the removed Horizon security. If JPMS designates such a default replacement, each affected client will be notified in writing that, unless the client, by the date specified by JPMS, affirmatively selects, in writing, a replacement security, the client's assets in the removed security will automatically be re-invested into the designated replacement, without further notice to or consent of the client. In designating a default replacement Horizon security (if any), JPMS will consider the appropriateness of the securities available in Horizon as suitable replacements for the removed security. If a security is removed from Horizon and JPMS does not designate a default replacement, the client's assets invested in the removed security will automatically be re-invested into an ETF available in Horizon, selected by JPMS, that is in an asset class or employs an investment strategy similar (as determined by JPMS) to that of the removed security, unless the client affirmatively selects, in writing, a replacement security of the client's own choosing by the date specified by JPMS. Regardless of whether JPMS designates a default replacement for a

removed Horizon security, the sale of the client's assets in the removed security may have tax consequences for the client.

The client may elect to have JPMS systematically rebalance the Horizon account at a time frequency of calendar quarterly, semi-annually or annually to maintain the target allocation. For each scheduled rebalancing, a review of the allocation of the Horizon assets will generally occur at the end of the applicable period (the "Review Date"). If the weight of one or more of the Horizon securities varies from its target weight in the target allocation by more than the variance amount selected by the client, based on the actual value of the securities as of the Review Date, JPMS will rebalance the account by buying and selling shares of the relevant Horizon securities to bring their relative weights back to the parameters of the target allocation, provided that the purchase amount with respect to a particular security generally exceeds the greater of the prospectus minimum (where the security is offered by prospectus) and that additional shares of each affected Horizon security are available for purchase.<sup>1</sup> Although rebalancing trades normally will be effected shortly after the Review Date, market conditions, availability of securities, and orderly purchase and redemption procedures may cause delays in the processing of the rebalancing trades. Although the purchase and sale of securities ordinarily will result in a taxable gain or loss, JPMS will not consider tax issues when rebalancing the account. Clients should consult their own personal tax advisors prior to selecting any scheduled rebalancing option.

In the event a security held by the client is the subject of a merger, acquisition or other reorganization that results in the issuance to the client of shares in a new security, JPMS may substitute the new security for the prior security in the client's Horizon account and target allocation without prior notice to or consent of the client.

JPMS will accept only market orders for transactions in Horizon accounts. JPMS may execute transactions in securities for Horizon accounts later than the day on which the client instructs JPMS to effect the transaction, and may execute them at a price higher or lower than the price quoted to the client at the time of such instruction.

#### **The following disclosures are for all Programs, as applicable:**

##### ***Funding***

In instances where the client gives discretion to the JPMS or the Portfolio Manager, cash or securities can be used to fund Program accounts. Investment management will begin after JPMS has accepted the account into the Program. Account acceptance may be delayed or rejected if the account is overfunded or underfunded. Cash to fund an account will be placed in the sweep option selected by the client. Clients funding Program accounts with securities direct JPMS or Portfolio Manager, as applicable, to liquidate the securities on behalf of the client and allocate the proceeds in accordance with the applicable investment strategy. The Portfolio Manager, on a best efforts basis, will sell a portion or all of any securities that are not consistent with the applicable investment strategy. Neither JPMS nor any Portfolio Manager, will advise client regarding the liquidation of these securities. Liquidation will be done free of commission charges or spread on fixed income trades unless the trade is placed away from JPMS. Depending on the type of security involved, liquidation may result in redemption charges and taxable gains or losses. Clients should review the potential tax consequences of these liquidations with their tax advisor before funding their Program account with securities. JPMS does not provide tax advice. If non-U.S. denominated securities are sold, the client will incur currency conversion charges. When liquidating these securities and other securities that are affiliated with J.P. Morgan for purposes of establishing a client's account, JPMS will be acting as a broker, not an investment adviser. Liquidations will be effected promptly after acceptance of the client account at the then prevailing market prices. If a particular

<sup>1</sup> If the client has elected systematic rebalancing but has not specified a variance amount, a 10% variance will be applied; fractional percentage points of variance are rounded up or down to the nearest whole point. The amount of the applicable variance represents a variance from the target weight in absolute percentage points - not a percentage of the target weight percentage. For example, if the client has

selected a rebalance variance of 10%, in order for a security with a target weight of 20% to trigger a rebalancing of the account, the security's actual allocation on a Review Date would have to be more than 30% (20% plus 10%) or less than 10% (20% minus 10%).

security cannot be liquidated or is not eligible for the Program, it will not be used to fund an account and will be transferred to another account.

### **Share Class Conversion of Mutual Funds and Contribution of Ineligible Funds, ETFs or Share Class**

For PA and PM, if a client contributes or holds a mutual fund share class that JPMS deems to be ineligible for the Programs and that particular mutual fund can remain in the account (e.g., the advisory share class of the mutual fund is available in the Program), JPMS can exchange them into the eligible advisory share class of the same mutual fund, under the authority provided to JPMS under the Client Agreement, mutual fund prospectus rules and its own policies, as soon as practicable. The eligible share class will generally be subject to lower net expenses, though in certain circumstances, can be subject to higher net expenses.

For UMA, JPMCAP and Horizon, if a client holds a mutual fund share class that was previously approved and JPMS now deems to be ineligible for the Program, JPMS can exchange them into the newly approved advisory share class of the same mutual fund, under the authority provided to JPMS under the Client Agreement, mutual fund prospectus rules and its own policies, as soon as practicable. The newly approved advisory share class will generally be subject to lower net expenses, though in certain circumstances, can be subject to higher net expenses as compared to the previously approved share class. If a client contributes funds, ETFs or certain share classes, JPMS will generally require the client to remove a mutual fund or ETF from the account if the mutual fund, the share class, or ETF is not approved for the Program or is not part of the client's target allocation. If the mutual fund is approved for the platform, however the client's share class of the mutual fund is not the approved share class, then JPMS will not exchange the client's share class into the approved share class. However, for UMA and JPMCAP, the Portfolio Manager may sell their share class and purchase the approved share class and for Horizon, clients may sell their share class and purchase the approved share class. Clients should discuss the impact of such sale and purchase of mutual fund shares with their Wealth Advisor.

Pursuant to the Client Agreement, clients authorize and instruct JPMS, upon the termination of the account or the removal of the client's account from the Programs, to the extent that the mutual fund shares in the account are an institutional or other share class not eligible to be held by the client in a brokerage account or an account outside of the Programs, to convert such shares to a retail or other share class. Certain mutual funds may charge a redemption fee in the event of such conversions, and conversions may have tax consequences for clients.

## **ii. Fees and Compensation**

### **a. Wrap Fee**

The Programs are known as "wrap fee" investment advisory programs because clients pay JPMS a single, asset-based Fee for the various services JPMS and the Wealth Advisors provide in the Programs.

The Fee covers JPMS' investment advisory services, trade execution, clearing and settlement, custody, reporting and other administrative services, and (where applicable) portfolio management and/or rebalancing services. In addition, if applicable, the Fee also covers any Portfolio Manager investment management services and any Model Portfolio Provider's provision of Model Portfolios.

Typically, Program accounts are charged the Fee quarterly, in advance, on the net market value of the assets in the account (including all cash and cash alternatives such as money market mutual funds), and in most cases is automatically deducted from the account. However, certain accounts may be charged the Fee in arrears and/or on other than a quarterly basis (e.g., monthly), and JPMS also may agree in certain instances to calculate the Fee on a basis other than a percentage of the net market value of the assets in the Program account (e.g., calculating the Fee on a cents-per-share-deposited-into-the-account basis).

The quarterly Fee paid by the client may be adjusted upward or downward if the client deposits additional cash or securities into, or withdraws cash

or securities from, the account. The Client Agreement typically provides that (i) a prorated Fee will be charged on total same-day contributions to the Account (net of total same-day withdrawals from the account) of \$25,000 or more to cover the period from the date of the net same-day contribution until the end of the quarterly billing period and (ii) a prorated Fee credit will be made for total same-day withdrawals from the account (net of total same-day contributions to the account) of \$25,000 or more to cover the period from the date of the net same-day withdrawal until the end of the quarterly billing period. Upon termination of the account, JPMS will refund to the client any prepaid amount of the Fee prorated for the number of days remaining in the billing period.

The amount of the Fee is specified in communications that JPMS sends to clients, which include playbacks and/or statements for the account. Except as otherwise agreed to in writing by JPMS, accounts are charged the Fee with respect to all assets in the account regardless of whether the client has previously paid or incurred commissions, sales charges or "loads," mark-ups, mark-downs, dealer spreads, or other costs, charges, fees or expenses in connection with the client's previous purchase of some or all of the assets in a brokerage account or otherwise outside of the Programs.

**Important Information Regarding the Maximum for JPMS' component of the Fee:** The maximum annual rate for JPMS' component of the Fee is 2.00% for all Programs **except C-BoS**, for which the maximum annual rate for JPMS component of the Fee is 0.70%. Further, JPMCAP is also available through Private Client Advisors, who offer the product at a maximum annual rate of 1.45%.

**Portfolio Manager and Model Portfolio Provider Fees.** General information regarding fee rates of the Portfolio Managers, the UMA Overlay Manager, each Model Portfolio Providers and Joint Discretion Managers are included below, though such rates may change over time.

#### **(i) STRATIS**

- The Portfolio Manager component of the Fee varies by Portfolio Manager and type of strategy and generally ranges from 0.12% to 0.75% annually of the net market value of the accounts managed by a Portfolio Manager (e.g., Portfolio Managers typically charge 0.40% per annum for equity investment strategies and 0.12%-0.35% for fixed income investment strategies), generally as set forth in a fee schedule that is part of an agreement between JPMS and each such Portfolio Manager. For the fees to the Model Portfolio Provider and implementation manager for the Focused Dividend Growth, Digital Evolution Strategy, and Innovators Strategies, please refer to the applicable ADV Brochures.
- The fee schedule also may contain breakpoints at which the percentage of the value of the managed assets paid to the Portfolio Manager goes down as the total of all client assets the Portfolio Manager manages in STRATIS increases.
- The Portfolio Manager's component of the Fee is separate from and in addition to JPMS' component of the Fee.

#### **(ii) C-BoS**

- JPMIM's component of the Fee is paid over by JPMS and generally ranges from 0.11% to 0.25% annually of the net market value of the accounts managed by JPMIM, which is set forth in a fee schedule that is part of an agreement between JPMS and the Portfolio Manager.
- In its sole discretion, the Portfolio Manager may waive or reduce its portion of the Fee.

#### **(iii) UMA**

- The UMA Overlay Manager's component of the Fee (for Model Portfolios and Joint Discretion Strategies, the UMA Overlay Manager's fee is comprised of an investment management fee and an administration fee) is maximum 0.15% annually of the market value of the account's assets allocated in the Target Portfolio to

Model Portfolios, maximum 0.10% annually of the market value of the account's assets allocated in the Target Portfolio to Joint Discretion Strategies, maximum 0.05% annually of the market value of the account's assets allocated in the Target Portfolio to securities and, if the client has elected to receive Tax Management Services and/or Impact Overlay Services, up to 0.10% annually of the net market value of the entire account.

- Each Joint Discretion Manager's and Model Portfolio Provider's component of the Fee is generally between 0.20% and 0.45% annually (depending upon the Joint Discretion Manager or Model Portfolio Provider) of the market value of the account's assets allocated in the Target Portfolio to each Model Portfolio and Joint Discretion Manager.
- The Model Portfolio Provider and Portfolio Manager's component(s) of the Fee is separate from and in addition to JPMS' component of the Fee.

(iv) **ICS**

- The applicable ICS Universe Portfolio Manager fee rate generally ranges from 0.175% to 1.00% depending on the Portfolio Manager's strategy selected.
- For certain Portfolio Manager strategies, rather than the Fee being charged on the net market value of assets in the account, the Fee is charged on a fixed notional value, (the "Mandate Size") as specified by the client (and agreed to separately by and between a client and Portfolio Manager).
- The Fee does not cover any fees charged by any Portfolio Manager(s) selected by the client to manage the account assets, and clients are responsible for paying Portfolio Managers for their services separately, (Clients typically authorize JPMS to debit their ICS accounts to pay their Portfolio Manager(s) upon JPMS' receipt of instructions from such Portfolio Manager(s).)

(v) **JPMC**

- JPMPI's component of the Fee is paid over by JPMS to JPMPI and generally ranges from a minimum of 0.02% to a maximum of 0.06% annually of the combined net market value of all client accounts managed by JPMPI.
- In its sole discretion, JPMPI may waive or reduce a portion of the Fee.

For UMA, the UMA Overlay Manager's and each Model Portfolio Provider's and Joint Discretion Manager's components of the Fee are based on the application of potentially varying fee rates to the market value at the end of each quarter of the account's *allocation in the Target Portfolio* to Model Portfolios, Joint Discretion Strategies and securities. As a result, the amount of the Fee could differ, perhaps significantly, from what it would be if it were instead based on application of the rates to the market *value* at the end of each quarter of the account's *actual allocation* to Model Portfolios, Joint Discretion Strategies and securities. For example, the quarterly Fee for an account with a quarter-end market value of \$100,000 and an allocation in the Target Portfolio of 25% to Model Portfolios, 25% to Joint Discretion Strategies and 50% to securities will be based on the application of the relevant rates to an allocation of \$25,000 to Model Portfolios, \$25,000 to Joint Discretion Strategies, and \$50,000 to securities – even if (because of changes in the values of the securities in the account over time) the *actual* allocation of the account's market value at quarter-end was 35% (\$35,000) to Model Portfolios, 20% (\$20,000) to Joint Discretion Strategies, and 45% (\$45,000) to securities. The extent to which an account's Target Portfolio allocation to the various types of investment vehicles available in the Program will differ from its actual allocation to such vehicles may depend upon the frequency of account rebalancing requested by the client; in general, clients who choose more frequent rebalancing may be expected to experience less divergence over time between an account's Target Portfolio allocation and its actual

allocation. The rate used each quarter for each component of the Fee will be approximately one-fourth of the annual rate based on the number of days in the quarter. Any change to the Target Portfolio of an existing account will not result in an adjustment of the Fee for the quarter in which the change is made; any new or different fee rate(s) for the UMA Overlay Manager's, Model Portfolio Provider's or Joint Discretion Manager's component(s) of the Fee will take effect the following quarter.

b. **Negotiability of Fee**

In its discretion, and subject to the maximum Fee described above, JPMS may negotiate the amount and calculation of the Fee based on a number of factors, including the type and size of the account, anticipated level of trading activity, services provided to the account, historical factors and/or the scope of the client's relationship with JPMS, subject to certain internal guidelines.

With respect to the portion of the Fee paid to a Portfolio Manager, on a case-by-case basis, Portfolio Managers may agree to apply a lower fee rate with respect to individual client accounts in the Program, (e.g. if an account has over \$5,000,000 in assets).

The Fee (or component of the Fee) paid by a client may be higher or lower than the fees other clients pay in the same Program or another Program and/or the cost of similar services offered through other financial firms.

c. **Portion of Fee Paid to Wealth Advisors**

JPMS typically pays a portion of the Fee it receives from each client to the Wealth Advisor(s) for that client. The exact portion of the Fee paid by JPMS to the Wealth Advisor varies among the Wealth Advisors and depends on factors such as each Wealth Advisor's overall annual revenue production, but is most commonly within a range from 40% to 50%.

***Because the amount received by a Wealth Advisor as a result of a client's participation in certain Programs may be more than the Wealth Advisor would receive if the client participated in certain other Programs or paid separately for investment advice, brokerage and other services covered by the Fee, the Wealth Advisor can have a financial incentive to recommend certain Programs over other Programs or services.***

d. **Comparative Cost of the Program**

Participation in a Program may cost the client more or less than purchasing the services provided in such Program separately. Comparable services may be available at lower aggregate costs on an "unbundled" basis through other firms. Factors that bear upon the relative cost of a Program include:

- The cost of the services if provided and charged for separately;
- The Fee rate charged to the client in the Program;
- The trading activity in the client's account; and
- The quality and value of the services provided.

For example, certain Programs may offer "buy-and-hold" investment strategies that generally seek investments intended to be held on a long-term basis. Accounts invested in such a strategy will typically experience less trading activity and lower turnover than accounts invested in a shorter-term strategy. Therefore, because the client pays the full Fee regardless of the low number of transactions in the account, such an account increases the likelihood that the client would pay less for the services provided in the particular Program (including brokerage services) on a separate, "unbundled" basis than on that Program's "wrap-fee" basis, other things being equal.

As described in Item 4.i above, for certain Programs, a client's acceptance of a Model Portfolio, strategy or security designated by JPMS as the default replacement for one removed from certain Programs (as described in Item 4.i above) may cause the client to incur expenses or to pay an overall Fee greater than the client was incurring or paying prior to the replacement or than client would have incurred or paid had JPMS selected a different default replacement. In addition, for UMA, certain default replacements will cause an increase in the amount of the UMA Overlay Manager's component of the Fee.

For PA, PM, UMA and Horizon, the securities may be available to clients directly from the issuers of the securities or a broker-dealer, as applicable, pursuant to the terms of their prospectuses and without paying the Fee.

**e. Costs in Addition to the Fee**

The Fee does not cover commissions or other charges resulting from transactions not executed through JPMS, or its affiliates or clearing, settlement and custody services provided by a custodian other than JPMS. When trade clearing and settlement services are provided by another executing broker-dealer or custodian – either because applicable law requires it or upon the client’s request and JPMS’ consent – they are not included in the Fee, and the other broker-dealer and/or custodian are entirely responsible for the execution, clearing and/or settlement of the transaction and/or custody of the client’s account assets.

In addition, the Fee does not cover “mark-ups,” “mark-downs,” or “dealer spreads” charged by dealers unaffiliated with JPMS when JPMS, acting as agent for the client in the Program, effects a transaction with an unaffiliated dealer acting as principal (i.e., for the dealer’s own account), typically in connection with certain fixed income and over-the-counter securities that are traded primarily in “dealer” markets. Such “mark-ups” on securities bought by the client, “mark-downs” on securities sold by the client and “dealer spreads” (the difference between the bid price and offer price) are generally incorporated into the net price that the client pays or receives in the transaction.

Similarly, the Fee does not cover “dealer spreads” that JPMS (or its affiliates) or other broker-dealers may receive when acting as principal in certain transactions. However, JPMS and its affiliates will not charge, and the net price paid or received by the client will not incorporate, any “mark-up” or “mark-down” in connection with such principal transaction.

The Fee also does not cover certain costs or charges that may be imposed by JPMS (or its affiliates) or third parties, including costs associated with using margin, exchanging foreign currencies, borrowing fees on short sales, odd-lot differentials, activity assessment fees, transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, certain structured products, foreign clearing and settlement fees and expenses associated with American Depository Receipts (“ADRs”), Global Depository Receipts (“GDRs”), World Equity Benchmark Shares (“WEBS”), exchange-traded notes (“ETNs”), real estate investment trusts (“REITs”), closed-end investment companies that invest a substantial portion of their assets in the securities of specified foreign countries (“closed-end country funds”), and with converting non-U.S. securities into ADRs or GDRs, if applicable, and other fees or taxes required by law.

**f. Trading Away and Associated Costs**

Portfolio Managers have the authority to effect transactions through brokers or dealers other than JPMS and its affiliates when they determine, in their sole discretion, that such other broker or dealer may provide better execution than would be the case if JPMS (or its affiliates) executed the transaction. In general, Portfolio Managers whose strategies consist primarily of fixed income or debt securities, among others, are more likely to place purchase and sale orders for such securities with broker-dealers other than JPMS and its affiliates for execution.

With respect to such trades, the trade confirmation issued by JPMS with the details of the trade will typically show a price for the traded security that is inclusive (i.e., net) of the commission, commission equivalent (mark-up/mark-down), dealer spread or other charge paid by the client to the other broker-dealer, rather than separately broken out. However, where JPMS has been provided with the information, the amount of any such additional costs may be broken out and shown separately from the price of the traded security on the trade confirmations that JPMS provides. Clients can view more specific information about the “trading away” practices of Portfolio Managers at <https://www.chase.com/personal/investments/managed-account-disclosures>. In addition, for more information about the factors that a Portfolio Manager may consider in determining which broker or dealer to execute transactions through, please refer to that Portfolio

Manager’s Form ADV Part 2A Brochure or other applicable disclosure document(s).

**g. Mutual Funds/Pooled Investment Fees**

Clients may incur indirect fees and expenses for investments in mutual funds (including money market funds), ETFs, closed-end funds, and other pooled investment vehicles. These fees and expenses are initially paid by the Funds but ultimately are borne by the client as a Fund shareholder. Such fees and expenses are in addition to, and generally will not be deducted from, the Fee. Assets of Program clients may be invested in a share class of a mutual fund with internal fees and expenses that are higher than one or more other share classes of the same mutual fund. JPMS and its affiliates also may receive compensation in addition to the Fee in connection with the operation and/or sale of shares of affiliated or unaffiliated Funds to clients in the Programs. Please refer to Item 9.iii for more information.

Certain investment companies may not permit shares to be transferred outside of a Program account and in certain circumstances may in their sole discretion redeem fund shares held by clients; the liquidation of these fund shares may have tax consequences to clients. Any such sales charges and applicable redemption fees (including contingent deferred sales charges) incurred by clients in connection with the liquidation of mutual funds or other securities for investment of the proceeds in this Program are in addition to the Fee.

Further, to the extent that cash used for investment in such Programs comes from redemptions of investments outside of the Programs, there may be tax consequences or additional cost from sales charges previously paid and/or redemption fees incurred.

**h. General Fee and Compensation Issues**

In valuing assets in Program accounts, JPMS uses information provided by recognized independent quotation and valuation services or will rely on information it receives from other third parties, if applicable. JPMS believes this information to be reliable but does not verify the accuracy of the information provided by these sources. If any information provided by these sources is unavailable or is believed to be unreliable, JPMS will value assets in a manner JPMS determines in good faith to reflect fair market value. JPMS may use different valuation sources for different purposes. As a result, the determination of asset values may differ for different purposes. For example, the account asset values used in the Fee calculation may not match the asset values listed on the account’s custodial statements. Detailed calculations of any account asset values are available upon request.

Because the Fee is typically charged on all assets in the account, in a low interest rate environment, a client may earn less interest on assets held in the account as cash or cash alternatives such as money market funds than the amount of the Fee the client is paying JPMS with respect to such assets, and therefore the client’s net yield with respect to such assets may be negative.

**Brokerage and Best Execution.** In keeping with the wrap fee nature of the Programs, JPMS typically provides the following services for client accounts in the Programs: execution of transactions; clearing and settlement services; custody and processing; and the maintenance of securities in good possession and control locations. Typically, in the Client Agreement, the client directs that transactions in the client’s account be executed by JPMS or its affiliates, or where a client has selected an unaffiliated or affiliated third-party Portfolio Manager in an applicable Program, the client authorizes each selected Portfolio Manager to effect transactions for the client’s account(s) through JPMS (or its affiliates), subject to each Portfolio Manager’s duty under applicable law to seek “best execution” and JPMS’ capacity and willingness to execute the transaction. By recommending the Programs to clients, therefore, JPMS also is recommending itself as broker-dealer.

In effecting transactions for client assets in a Program, JPMS or its affiliates will be acting exclusively as a broker-dealer and trades will be handled by

JPMS consistent with its best execution and other regulatory obligations under applicable law. Directing that JPMS or its affiliates execute transactions for Program accounts may deprive the client of any savings on trade execution and other costs that otherwise might be negotiated with other broker-dealers and benefits that may result from using alternative trading systems, may result in less favorable execution than would be obtained through the use of one or more other broker-dealers, and may cost the client more money. Not all investment advisers require their clients to direct brokerage in such a fashion. Clients should consider the costs and disadvantages of directing that JPMS or its affiliates execute transactions for Program accounts. When JPMS executes transactions for Program clients, the division of JPMS that handles the execution may receive compensation from one or more other affiliates or divisions of JPMS, including the division through which the Programs are offered. Program clients are not charged for any such intracompany or inter-affiliate compensation.

In managing the strategies available through C-BoS, the Portfolio Manager will generally place orders for C-BoS client accounts with broker-dealers other than JPMS due to the Portfolio Manager's regulatory requirement to avoid principal transactions and the nature of 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 may include a mark-up (on securities it sells), a mark-down (on securities it buys), or a spread (the difference between the price it will buy, or "bid," for the security and the price at which it will sell, or "ask," for the security) in the net price at which transactions are executed. The bid and ask are prices quoted by the dealer, so C-BoS clients should understand that a dealer's bid price would be the price at which a client is selling their security, and the dealer's ask price would be the price at which a client is buying the security. These transaction fees (i.e., mark-ups, mark-downs, or spreads charged by third-party broker-dealers) are not included in the Fee. Clients should carefully consider these costs before selecting a strategy in C-BoS. Please see "Trading Away and Associated Costs" above for more information.

**Interest Earned on Float.** JPMS or its affiliates may retain, as compensation for the performance of services, an account's proportionate share of any interest earned on aggregate cash balances held by JPMS (or its affiliates) with respect to "assets awaiting investment or other processing." This amount, known as "float," is earned by JPMS or its affiliates through investment in a number of short-term investment products and strategies, including without limitation loans to customers and investment securities, with the amount of such earnings retained by JPMS or its affiliates, due to the short-term nature of the investments, being generally at the prevailing Federal Funds interest rate, (a publicly available average rate of all Federal Funds transactions entered into by traders in the Federal Funds market on a given date), less FDIC insurance and other associated costs, if any. "Assets awaiting investment or other processing" for these purposes includes, to the extent applicable, new deposits to the account, including interest and dividends, as well as any uninvested assets held in the account caused by an instruction to purchase and sell securities. JPMS or its affiliates will generally earn float until such time as such assets may be automatically swept into a sweep vehicle or otherwise reinvested. "Assets awaiting investment or other processing" may also arise when JPMS facilitates a distribution from the account. Thus, pursuant to standard processes for check disbursement, cash is generally debited from the account on the date on the face of the check (also called the payable date). Such cash is deposited in a non-interest bearing omnibus deposit account held by JPMS or its affiliates, where it remains until the earlier of the date the check is presented for payment or the date payment on the check is stopped at client's instruction (in which case the underlying funds are returned to the account). JPMS or its affiliates derive earnings (float) from their use of funds that may be held in this manner, as described above.

**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.jpmorgan.com/wealth-management/wealth-partners/legal/ecr>. Such Trading Systems (and the extent of J.P. Morgan's ownership interest in any Trading System) may change from time to time. JPMS addresses this conflict by disclosure to its clients.

**Payment for Order Flow.** From time to time, JPMS and its affiliates may pay and receive payment for certain order flow in the form of discounts, rebates, reduction of fees or credits. Under some circumstances, the amount of such remuneration may exceed the amount that JPMS and its affiliates are charged by such trading centers. This does not alter JPMS' 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.

**Margin.** JPMS may earn additional compensation through brokerage-related services it provides, such as extending margin loans to clients and holding free-credit balances. Certain Wealth Advisors may receive production-based bonuses that take into account these amounts in addition to investment advisory fees (including the Fee paid by clients in the Programs) and other revenue generated by the Wealth Advisor. These bonuses may create a conflict of interest for those Wealth Advisors in that they have a financial incentive to recommend that Program accounts to incur additional or higher fees for these services by, for example, incurring additional or larger margin loans. In addition, because the rate of fees charged for these brokerage-related services is negotiable, this compensation may give these Wealth Advisors a financial incentive to charge clients higher rates for these services.

Excluding PA and PM, in general, any margin debit balances held by the client cannot be held in a Program account. For purposes of the calculation of the Fee, the net market value of the client's assets on which the Fee is based generally will **not** be reduced by the amount of any margin debit balances held by the client in any account outside of the Programs, even if some or all of the proceeds of the loan represented by the margin debit balances are held in the client's Program account(s) or were used to purchase securities held in the client's Program account(s), and even if some or all of the assets in the client's Program account(s) are used to collateralize or secure the loan represented by the margin balances. Similarly, any interest and fees paid by the client in connection with any margin debit balances held by the client in any account outside of the Programs will not be taken into account in the calculation of the net equity or performance of the client's Program account(s), as reflected in account statements, written performance reviews or otherwise.

In PA and PM, the Wealth Advisor will not receive compensation in respect of interest and fees paid by the client on margin debit balances held in the client's Program account. Nonetheless, for all of the Programs, JPMS and the Wealth Advisor have a financial incentive for the client to incur margin debit to buy securities in the client's Program account because: (1) the client will be required to pay JPMS interest and fees on the debt, and they have a further financial incentive for the client's margin debit balance to be held in an account outside of the Program because in that case (2) the Fee paid by the client on the Program account will be higher than it would be if the margin debit balance was held in the Program account (3) the Wealth Advisor may receive compensation from JPMS in respect of the margin interest and fees paid by the client that he or she would not receive if the margin debit balance was held in a Program account and (4) the net market value of the Program account will be increased by the value of the additional securities purchased with the proceeds of the margin loan (and will not be offset by the amount of the client's margin debit held in the account outside of the Program), resulting in a higher Fee.



**Excluded Securities.** In PA and PM, the client may designate certain securities as “Excluded Securities” by notifying their Wealth Advisor(s) upon enrollment of an account in the Programs. Excluded Securities are only permitted to be held in a Program account with the consent of JPMS, but they are not part of the Program portfolio on which JPMS provides investment advice in the Programs. Accordingly, JPMS will not be obligated to provide any investment advice with respect to Excluded Securities, including making any recommendation to the client with respect to the suitability, risks, sale or holding of the Excluded Securities. Excluded Securities typically will not be included in the calculation of the Fee, although transactions in Excluded Securities will be subject to commissions and other transaction charges. Excluded Securities will be considered brokerage assets and not advisory assets and, as a consequence, a client’s rights and JPMS’ duties and obligations to the client with respect to Excluded Securities will differ from those rights, duties and obligations with respect to the client’s other Program assets.

#### i. Cash Allocations or Balances and the Sweep Feature

Clients in the Programs authorize JPMS, to the extent permitted by applicable law, to invest (i.e., “sweep”) available cash balances in the J.P. Morgan Chase Deposit Account (the “Deposit Account”) or one or more money market mutual funds that are managed by affiliates of JPMS. The Deposit Account is the default “sweep” option for Program clients who reside in the U.S. and do not select an available “sweep” alternative.

Cash “swept” or allocated to the Deposit Account is remitted for deposit by JPMS, acting as the client’s agent, into a demand deposit account maintained at JPMCB. Balances in the Deposit Account are covered by FDIC insurance, subject to applicable limits, terms and conditions, but are not protected by the Securities Investor Protection Corporation. JPMS does not review or monitor FDIC insurance limits for clients. Clients are responsible for monitoring the total amount of deposits that they have with JPMCB to determine the extent of FDIC deposit insurance coverage available to them on their deposits. The J.P. Morgan Chase Deposit Account Disclosure provides further information about the Deposit Account, including the limits, terms and conditions of FDIC insurance coverage.

The interest rate on the Deposit Account may be higher or lower than yields on other available cash alternatives (e.g., money market mutual funds). From time to time, JPMS or a Portfolio Manager may deem it in the client’s best interest to maintain a certain percentage of assets in cash or cash alternatives, especially when markets are volatile. However, because the Fee is typically charged on the value of all assets in the account (including cash and cash alternatives), in a low interest rate environment the net investment return on cash and cash alternatives, including the Deposit Account, will be negative. The current rates and yields for available cash options for Program accounts, including the Deposit Account, can be found online at <https://www.jpmorgan.com/wealth-management/wealth-partners/legal/sweepoption>. These rates and yields change regularly, so it is prudent to check this website on at least a quarterly basis.

Although there is no charge to clients with respect to the Deposit Account, JPMCB benefits from the Deposit Account because, through the Deposit Account, JPMCB receives a stable, cost-effective source of funding. JPMCB uses customer deposits in the Deposit Account to fund current and new businesses, 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 and other costs associated with the Deposit Account paid by JPMCB, and the interest rate and other income earned by JPMCB on the loans and investments made with the deposits. The income that JPMCB earns through its lending and investing activities is usually significantly greater than the interest earned by clients through the Deposit Account. It is typically also greater than the fee earned by all J.P. Morgan entities from managing and distributing money market mutual funds available to Program clients. Additionally, JPMCB has agreed to pay JPMS a monthly flat fee for each account that uses the Deposit Account; however, JPMS is currently waiving receipt of this fee.

Therefore, JPMS and JPMCB have a conflict of interest in offering or utilizing the Deposit Account (and in making it the default “sweep” option for

Program clients residing in the U.S.). JPMS believes that the conflict is addressed through:

- The fact that Wealth Advisors do not receive any additional compensation for assets held in the Deposit Account as opposed to another cash alternative;
- Online disclosure of the available cash options and yields at <https://www.jpmorgan.com/wealth-management/wealth-partners/legal/sweepoption>;
- The client’s ability to affirmatively select another available “sweep” option and to change the “sweep” option selection to an available alternative at any time;
- The J.P. Morgan Chase Deposit Account Disclosure provided to the client; and
- The client’s ability to obtain the prospectus for each money market mutual fund that is an available alternative to the Deposit Account.

#### ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

JPMS requires that all clients who wish to open and maintain an account in the Programs enter into the applicable JPMS investment advisory Client Agreement, which sets forth the services that JPMS (or if applicable, the Portfolio Manager(s)) will provide to the client. The specific terms and conditions of the Client Agreement will govern the handling of the client’s Program account(s) and the investment advisory relationship between the client and JPMS and, as applicable, other parties to the agreement with respect to the account(s). A separate account is required for each strategy selected by the client, even if they are managed by the same Portfolio Manager.

The investment objective and risk tolerance identified by the client for an account in any Program will apply to such account while in the Program (unless the client subsequently changes the investment objective or risk tolerance by promptly notifying the client’s Wealth Advisor(s)), notwithstanding any different investment objective or risk tolerance previously identified by the client for the account when it was a brokerage account or an account in one of the other Programs. If the account is terminated and becomes a brokerage account outside the Programs, the investment objective previously identified by the client for the account as a brokerage account will again apply to the account.

For ICS, the client must also enter into an IM Agreement directly with each selected Portfolio Manager that will manage the client’s ICS assets, giving the manager(s) trading authority over the ICS assets. The IM Agreement(s) will govern the terms of the client’s investment advisory relationship with the Portfolio Manager(s).

#### i. Program Minimums

Certain Programs require the client to maintain a minimum amount of assets for opening an account in that Program. JPMS may, in its discretion, waive or reduce the minimum account opening size for certain clients or accounts. If a Program account falls below the Program minimum, JPMS can terminate the Program account at its discretion. The minimum account size typically required in the Programs are as follows:

##### (i) PA and PM

There is generally no across-the-board minimum account size to participate in PA or PM.

##### (ii) STRATIS

**\$100,000** for investment strategies in asset classes *with the exception of* **\$250,000** for tax-exempt fixed income and high yield fixed income strategies.

##### (iii) C-BoS

- **C-MAP: \$500,000 or \$1,000,000**, depending on customization
- **C-TAX: \$500,000 or \$1,000,000**, depending on credit quality
- **C-PREP: \$500,000**



(iv) **UMA**

**\$35,000 to \$250,000**, depending on investment selections and allocations.

(v) **ICS**

**\$100,000** subject to any minimum amount requirement imposed by the applicable Portfolio Manager. The account opening minimums imposed by Portfolio Managers in the ICS Universe may often vary **substantially**. Information about a particular manager's minimum account opening requirement is available from a client's Wealth Advisor(s).

(vi) **JPMCAP**

**\$10,000 or \$250,000** for models containing Liquid Alternative Funds.

(vii) **Horizon**

**\$25,000** and JPMS *also* may impose certain other requirements with respect to accounts in Horizon, such as a minimum number of securities and/or a maximum level of cash or cash alternatives (such as money market funds) in an account.

Certain Portfolio Managers may impose minimums that are higher or lower than those specified above. In addition, JPMS may impose a higher minimum account opening size if the client wishes to use a custodian other than JPMS and JPMS, in its discretion, is willing to maintain the account on such a basis.

**ii. Types of Clients**

The types of clients generally eligible to participate in the Programs include individuals, trusts, estates, corporations and other business entities, retirement plans (including IRAs and pension plans), foundations and endowments. Not all types of clients are eligible for each Program. Discretionary Programs are **not** typically intended for investors who seek to maintain control over trading in their accounts, who have a short-term investment horizon (or expect ongoing and significant withdrawals), or who expect to maintain consistently high levels of cash or money market funds.

**iii. Employee Benefit Plans and Retirement Plans**

The accounts of employee benefit plans (as defined in ERISA) and retirement plans (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended), which include IRAs, is subject to certain JPMS policies, restrictions and other terms and conditions that are different from those applicable to other accounts in a Program. Such policies, restrictions and other terms and conditions may affect, for example, the Portfolio Managers that may be available for selection for the management of such accounts (for applicable Programs), the securities that may be available for investment in such accounts, the manner in which transactions may be effected in such accounts, the ability of such accounts to trade on margin, and the fees and expenses that may be charged to such accounts. As a result, in certain circumstances application of the policies, restrictions and other terms and conditions can result in the performance of employee benefit plan and retirement plan accounts being worse than it would have been absent such policies, restrictions and terms and conditions.

**iv. Acceptance of Accounts**

JPMS and, where applicable, the Portfolio Manager may each decline to accept a particular client or account in the applicable Program at any time and for any reason at their sole discretion. Additionally, in cases where a Portfolio Manager's strategy is available in two Programs, (i.e., STRATIS and ICS), JPMS may, in its sole discretion, require the client to participate in the strategy through one Program (STRATIS) rather than through the other (ICS).

**ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

For the applicable Programs, JPMS selects Portfolio Managers and specific strategies and/or Model Portfolio Providers and specific Model Portfolios for inclusion in such Programs.

Because PA is a Program in which the advice provided to clients is exclusively nondiscretionary and Horizon clients authorize JPMS to identify, review and make available a universe of Program securities, neither Program entails the recommendation, selection, evaluation or use of "Portfolio Managers."

**i. Selection of Portfolio Managers, Model Portfolio Provider's, and/or Program Securities, as applicable**

**PA**

Because PA is an investment advisory Program in which the advice provided to clients is exclusively nondiscretionary, the Program does not entail the recommendation, selection, evaluation or use of "Portfolio Managers." In this Item, therefore, JPMS addresses its selection and evaluation of the Wealth Advisors who individually provide nondiscretionary investment advice to clients for their PA accounts on behalf of JPMS. Wealth Advisors participating in PA are generally required to complete certain internal training that provides an overview of the Program, PA guidelines and policies, and other information essential to administering PA accounts and advising PA clients.

Typically, JPMS does not affirmatively seek to identify Wealth Advisors to participate in the Program. In general, Wealth Advisors are themselves responsible for expressing an interest in advising client accounts in the Program, either in connection with their transition to JPMS from other firms where they might have advised client accounts in investment advisory Programs or arising out of their existing brokerage and advisory client relationships at JPMS. Accordingly, JPMS ordinarily does not recommend or select Wealth Advisors in the Program for particular clients – even if a different Wealth Advisor or his or her investment style or strategy may be better suited for the achievement of the investment objective of a particular client or prospective client than the Wealth Advisor with whom the investor has a relationship or who has marketed his or her Program services to that investor.

If a Wealth Advisor leaves the firm or the Program, JPMS will typically reassign any affected PA accounts to one or more other Wealth Advisors in PA, as JPMS deems suitable and appropriate. The selection of replacement Wealth Advisors is typically made by the regional director (each, a "Regional Director") of the replaced Wealth Advisor in consultation with the team responsible for administration of PA. Typically, when possible, JPMS endeavors to reassign the PA accounts to one or more suitable Wealth Advisors in the same branch office or geographical area. JPMS may also consider the qualifications and resources of other available Wealth Advisors to assume responsibility for advising the PA accounts of the prior Wealth Advisor.

Alternatively, JPMS may terminate an account from the Program, in which event any such account is no longer investment advisory in nature and will revert to a client-directed, non-discretionary brokerage account.

**PM**

In the Client Agreement, PM clients authorize JPMS itself – not a specific Wealth Advisor – to manage the clients' PM accounts on a discretionary basis. In that sense, JPMS is the sole Portfolio Manager in PM. In this Item, therefore, JPMS addresses its initial evaluations and periodic reviews of the Wealth Advisors who seek to manage, and those who are approved and therefore do manage, PM accounts on a discretionary basis on behalf of JPMS.

In PM, approved Wealth Advisors, each as agent for JPMS, act as Portfolio Managers and manage PM client accounts on a discretionary basis. To become approved to manage accounts in the Program, Wealth Advisors are required to meet certain criteria used by JPMS in its evaluation of potential candidates. Typically, JPMS does not affirmatively seek to identify Wealth Advisors to participate in and for selection as Portfolio Managers to manage accounts in PM. In general, Wealth Advisors are themselves responsible for expressing an interest in advising and managing client accounts on discretion in PM, either in connection with their transition to JPMS from other firms where they might have advised and managed client

accounts in investment advisory Programs or arising out of their existing brokerage and advisory client relationships at JPMS. Some Wealth Advisors are put forward as PM candidates by their managers after discussions between them.

JPMS' evaluation of a Portfolio Manager candidate for PM typically involves a review of various factors including nature and length of experience in the securities industry; the types of brokerage and investment advisory services previously provided to clients by the candidate; proposal of investment strategy or strategies within PM guidelines/parameters that the candidate intends to implement in PM; the candidate's knowledge and understanding of relevant portfolio management concepts and of the markets and securities in which the candidate proposes to invest client assets; the nature and size of the candidate's existing clientele and the anticipated number and size of the candidate's client accounts expected to participate in the Program; and the opinion of the candidate's manager(s) concerning the candidate's qualifications for discretionary portfolio management and the growth of his or her book of business.

If a Wealth Advisor managing PM accounts leaves the firm or the PM Program, JPMS will typically reassign any affected Program PM accounts to one or more other Wealth Advisors in PM, as JPMS deems suitable and appropriate. The selection of replacement Wealth Advisors is typically made by the Regional Director(s) of the replaced Wealth Advisor in consultation with the team responsible for administration of PM. Typically, when possible, JPMS endeavors to reassign the Programs accounts to one or more suitable Wealth Advisors in the same branch office or geographical area. JPMS generally also considers the similarity between the investment strategies implemented by the prior and replacement Wealth Advisors; whether multiple replacement Wealth Advisors will be needed to accommodate different subsets of accounts invested in different investment strategies by the prior Wealth Advisor; and the qualifications and resources of other available Wealth Advisors to assume responsibility for the PM accounts of the prior Wealth Advisor.

Alternatively, JPMS may terminate an account PM, in which event any such account is no longer investment advisory in nature and will revert to a client-directed, non-discretionary brokerage account.

#### **STRATIS, UMA, and ICS (Portfolio Managers and Strategies in the ICS Universe), and Horizon**

JPMS selects Portfolio Managers and certain of their strategies, as well as Model Portfolio Providers and certain of their Model Portfolios and/or Program securities, as applicable, for inclusion in STRATIS, UMA, the ICS Universe, and Horizon. For UMA, Envestnet Asset Management, Inc. (formerly known as Placemark Investments, Inc.) ("Envestnet") is the UMA Overlay Manager. Because there is only one UMA Overlay Manager, JPMS' recommendation of UMA is a recommendation of Envestnet as UMA Overlay Manager for the client and assets at issue.

JPMS engages one or more third parties (including affiliates of JPMS) (each, a "Review Vendor") to perform initial and periodic reviews of Portfolio Managers and their strategies, Model Portfolio Providers and their Model Portfolios, Funds and Program securities (collectively referred to herein as "Researched Products") and/or perform such periodic reviews itself, as described in more detail below. A Review Vendor may also make recommendations to JPMS about which Researched Product to include in the Programs.

As a general matter, JPMS decides whether to include particular Researched Products in a Program (or whether to remove them from a Program) based on a variety of factors, including client need or demand, how many and which strategies in the relevant asset class are already available in the Program, JPMS' ability to reach agreement with the Portfolio Manager or Model Portfolio Provider on the terms and conditions of its participation in the Program, and the results of certain reviews conducted or arranged by JPMS. JPMS may consider both affiliated and unaffiliated Portfolio Managers, Model Portfolio Providers or Funds for inclusion in certain Programs.

JPMS' decision to include a particular Researched Product in a Program is based upon the totality of the results of the review process and other factors like those referred to below, and does not necessarily reflect a rigid application of any or all of the guidelines described. JPMS may consider and/or select for inclusion in a Program only certain of the strategies or Model Portfolios available from a particular Portfolio Manager or Model Portfolio Provider and only certain of the Program securities issued by a particular issuer or sponsored or managed by a particular Fund sponsor or manager.

JPMS identifies to clients only Researched Products from those it has made available through the Programs. JPMS identifies suitable Researched Products for a client based on the investment objective(s) and other information the client has provided. Other factors that may affect identification for a particular client include asset size, any investment restrictions and/or guidelines the client may wish to impose, or other factors that may make a particular Researched Product more desirable to the client. Clients are solely responsible for the selection of Researched Products from among those identified by JPMS.

#### **ICS (Portfolio Managers and Strategies Not in the ICS Universe)**

In certain circumstances, a client may be permitted to maintain assets in ICS with a Portfolio Manager or in a strategy that has been removed from, or never was in, the ICS Universe. Such cases typically involve a client invested in a Portfolio Manager's strategy through a wrap fee program sponsored by another firm who wishes to move his or her account to a JPMS wrap fee program but remain invested in the same or a substantially similar strategy; or a client who identifies a Portfolio Manager's strategy to JPMS. In all cases, it is in JPMS' sole discretion whether to permit the client to maintain an ICS account managed by a Portfolio Manager or in a strategy outside of the ICS Universe. JPMS may also determine that it will no longer permit clients to maintain ICS assets with a Portfolio Manager and/or in a strategy that is not in the ICS Universe. In such cases, clients may select a Portfolio Manager or strategy that is part of the ICS Universe or JPMS may terminate the Program account.

#### **C-BoS and JPMCAP**

The Portfolio Manager for C-BoS and the Portfolio Manager for JPMCAP are both affiliates of JPMS. Because there is only one Portfolio Manager in each Program, JPMS' recommendation of such Program is a recommendation of that Portfolio Manager for the client and assets at issue.

#### **ii. *Review of Portfolio Managers, Model Portfolio Providers and/or Program Securities, as applicable***

#### **Reviews of Researched Products in all Programs (excluding Portfolio Managers and Strategies Not in the ICS Universe)**

Currently, Researched Products are reviewed by the Manager Solutions due diligence group ("Manager Solutions") in the J.P. Morgan Wealth Management division and comprised of employees of JPMPI and other affiliates. However, JPMPI and its strategies, as well as the Parametric DeltaShift options strategy in ICS, are reviewed through different processes.

In the Programs, Manager Solutions provides research on the Researched Products. For certain Programs, Manager Solutions utilizes a qualitative analysis of the Researched Products by reviewing the organization, investment process, investment philosophy and performance of the Researched Products on an ongoing basis (the "Qualitative Research Process").

Additionally, Manager Solutions uses an internally developed quantitative screening process to evaluate the Researched Products that do not go through the Qualitative Research Process by reviewing the organization, investment process, service and performance of the Researched Products on an ongoing basis (the "Systematic Research Process"). Researched Products may be removed from a Program, or for certain Programs, as it relates to Funds, no longer be eligible for purchase, if it is determined that they do not meet the criteria set forth in the Systematic Research Process. However, in the event a Researched Product does not pass the Systematic

Research Process, Manager Solutions can review the Researched Product and apply the Qualitative Research Process to determine if the Researched Product is eligible. Additionally, there may be certain products or asset classes that have not been included in Manager Solutions' due diligence process ("Non-Researched Products"). Non-Researched Products will generally be treated similarly to those Researched Products that do not meet the criteria of the Systematic Research Products.

For certain Programs, changes in a Portfolio Manager's or Model Portfolio Provider's organization, investment process, service and performance are monitored by Manager Solutions via periodic meetings with the Portfolio Manager's or Model Portfolio Provider's staff and communication. As a result of Manager Solutions' reviews and/or other information and events, Researched Products may be removed from the Program.

In addition, JPMS may remove a particular Researched Product from a Program at any time for any reason. In such event, JPMS will notify affected clients of the removal and for certain Programs, may designate a default replacement in the Program. (JPMS generally does not recommend a replacement for a particular client unless JPMS removes a Researched Product from the Program.) If JPMS designates such a default replacement, each affected client will be notified in writing that, unless the client affirmatively selects, in writing, a different replacement in the Program by the date specified by JPMS, the client's assets in the removed Researched Product will automatically be re-invested into the designated replacement without further notice to or consent of the client. In designating a default replacement, JPMS will consider the appropriateness of the Researched Products available in a Program as suitable replacements. JPMS also may assist the client in identifying a suitable replacement in cases where JPMS does not designate a default replacement, or where the client wishes to consider alternatives to the default designated by JPMS; such assistance is typically based on the same types of factors used by JPMS to identify Researched Products for clients in the first instance.

For UMA and Horizon, if a Researched Product is removed from the Program and JPMS does not designate a default replacement, the client's assets invested according to the removed Researched Product will automatically be re-invested into an ETF available in the Program, selected by JPMS, that is in an asset class or employs an investment strategy similar (as determined by JPMS) to that of the removed Researched Product, unless the client affirmatively selects a replacement of the client's own choosing prior to the date specified by JPMS in the removal notice. Regardless of whether JPMS designates a default replacement, the sale of the client's assets in the removed Researched Product may have tax consequences for the client.

Wealth Advisors who learn of JPMS' decision to remove a Researched Product from the Program may take or recommend action on the basis of such knowledge (i) with respect to certain clients and accounts (inside or outside of the Program) before others or (ii) before JPMS' written notice of the removal decision has been sent to all affected Program clients.

The review of a Researched Product and/or other information and events also may result in a Researched Product in the Program being closed to new investors pending further review. Generally, during this time, only those clients already holding or invested in an affected Researched Product when it was closed to new investors are permitted to contribute additional assets to their account(s) invested in that Researched Product, but such clients will generally be notified (in writing) that the Researched Product has been closed to new investors. Further review of an affected Researched Product by JPMS and/or Manager Solutions may result in a re-opening to new investors.

JPMM and its strategies or Model Portfolios are subject to the same selection and review processes conducted by Manager Solutions as the unaffiliated Portfolio Managers and strategies or Model Portfolio Provider and Model Portfolios in the Program. However, JPMP's strategies or Model Portfolios are not subject to the same review process. The review process for JPMP's strategies or Model Portfolios does not involve the same personnel and does not follow the same governance procedure for concluding that a strategy or Model Portfolio should be closed to new

investors pending further review or removed from the Program, although J.P. Morgan does have a process for taking action on JPMP's strategies or Model Portfolios in the Program if warranted as a result of its ongoing internal review process. In addition, please refer to the JPMP Form ADV Part 2A for more information about the applicable research process and its methods of analysis.

Funds in the Programs that are affiliated with JPMS are generally subject to the same selection and review processes as the other securities in the Program.

For ICS, the Parametric DeltaShift options strategy is reviewed within a J.P. Morgan due diligence framework distinct from that of Manager Solutions. Unlike Manager Solutions' review of the other strategies in the ICS Universe, the due diligence currently applied to the DeltaShift strategy does not include a formal process for the removal of the strategy from the Program.

JPMS may provide clients with important information about Researched Products. The information is typically prepared by JPMS (or a third party) and is based on and/or incorporates information provided by Portfolio Managers, Model Portfolio Providers and other third-party sources. JPMS believes that this information is accurate; however, JPMS does not independently verify or guarantee the accuracy or completeness of the information. JPMS shall have no liability with respect to information provided by third-parties. Performance information may be included in the information provided by JPMS. ***This performance is calculated by the Portfolio Managers themselves or by third parties and neither JPMS nor a third party engaged by it reviews such performance information to determine or verify its accuracy or its compliance with presentation standards. The performance information may not be calculated on a uniform and consistent basis.***

Clients will receive each Portfolio Manager's Form ADV Part 2A and/or other applicable disclosure document(s). Clients should review such disclosure document(s) carefully for important information about the Portfolio Manager, including risks associated with the selected strategy (if applicable). Each Portfolio Manager is solely responsible for the truthfulness, completeness, and accuracy of its own disclosure document(s). The Portfolio Manager is solely responsible for the truthfulness, completeness, and accuracy of its own Form ADV or other applicable disclosure documents.

Before investing in a Fund, clients should review the Fund's prospectus carefully and consider all of the information in it. A Fund's prospectus contains important information about the Fund, including the Fund's investment objectives, risks, charges and expenses. Each Fund is solely responsible for the truthfulness, completeness, and accuracy of its own prospectus.

JPMS is not responsible for the performance of any Researched Product or any Portfolio Manager's, Model Portfolio Provider's or Fund issuer's compliance with applicable laws and regulations or other matters within their control. Each Portfolio Manager, Model Portfolio Provider, or Program security's adviser is solely responsible for the management of that designated account(s) or security. If a client selects more than one Portfolio Manager or Model Portfolio Provider, they may engage in contrary transactions with respect to the same security. JPMS will effect transactions for a Program account only if and to the extent instructed by a Portfolio Manager. Without limiting the generality of the foregoing, JPMS shall not be responsible for any act or omission of any Portfolio Manager, Model Portfolio Provider or any Program security or party acting on behalf of the Program security, or any misstatement or omission contained in any document prepared by or with the approval of any of them or any loss, liability, claim, damage, or expense whatsoever, as incurred, arising out of or attributable to such misstatement or omission. JPMS' periodic reviews of Portfolio Managers and their respective investment strategies by Review Vendors does not substitute for each client's ongoing monitoring of their account(s) and the performance of their investments.

## ICS (Portfolio Managers and strategies Not in the ICS Universe)

In certain circumstances, subject to approval by JPMS, a client in ICS may be permitted to remain invested with, or invest with, a Portfolio Manager and in such Portfolio Manager's strategy that has been removed from, or never was in, the ICS Universe. While clients permitted to maintain such accounts in ICS will typically receive the other services customarily provided by JPMS and its affiliates to ICS clients, JPMS will generally *not* perform periodic reviews of any such Portfolio Manager or strategy. In addition, JPMS and its affiliates may have access to or may collect information about Portfolio Managers and strategies that are not in the ICS Universe but have no obligation to share any such information with any ICS client, even if such information is negative or reflects poorly on the relevant Portfolio Manager or strategy. Notwithstanding that JPMS and its affiliates will not perform any such reviews, or be obliged to communicate any information it may have about non-ICS Universe Portfolio Managers and strategies to the client, the client will pay the same Fee to JPMS as other clients who do receive such services and will not be entitled to any discount or reduced Fee as a result.

## PA

Primary responsibility for the supervision of each Wealth Advisor advising accounts in PA lies with the head of the JPMS business and each Wealth Advisor's Regional Director. Certain aspects of the day-to-day supervision of the Wealth Advisors is delegated by the head of the JPMS business (on behalf of the head of the JPMS business and Regional Directors) to one or more JPMS supervisory manager(s) under the Global Head of Wealth Management Supervision. Ongoing reviews by JPMS supervisory managers of Wealth Advisors in PA and the accounts they advise typically include reviewing Program accounts and the transactions effected in them, PA accounts holding a significant amount of assets in cash, money market mutual funds and other short-term securities, PA accounts presenting a certain risk level, unsolicited trades in PA accounts, PA accounts with little or no trading activity, PA accounts holding a small number of securities, PA accounts with excess and extended deviation from the specified target asset allocation, and PA accounts that have not recently been the subject of a portfolio review by the Wealth Advisor and the client.

## PM

JPMS performs periodic reviews of Wealth Advisors in PM which generally include an examination of each Wealth Advisor's implementation of his or her investment strategy or strategies across a sample of the PM accounts he or she manages, the adherence of each Wealth Advisor's PM accounts to certain internal JPMS investment parameters, and the performance of each Wealth Advisor's investment strategy or strategies. Such reviews are typically conducted on an annual basis, but can occur more or less frequently depending on various factors.

JPMS uses various industry and non-industry standards to measure the performance of investment strategies managed by each Wealth Advisor for purposes of the internal periodic reviews. The performance returns of the accounts managed by each Wealth Advisor according to his or her investment strategy or strategies are compared to that of indexes, or "benchmarks," over the same time period being reviewed. The benchmarks used are indexes (or a blend of multiple indexes) commonly used in the securities industry as measures of market performance against which the performance of accounts invested according to specific investment strategies may be compared. The particular index (or blend of multiple indexes) against which performance will be compared may vary from strategy to strategy, and typically depends principally on the nature of the investment style (e.g., equity, income-oriented, balanced, specialty), the specific strategy being implemented (e.g., a "balanced" strategy, a "domestic large cap equity core" strategy) and the types of securities purchased as part of the strategy (e.g., individual stocks, equity ETFs, U.S. Government bonds, municipal bonds).

JPMS' periodic reviews of Wealth Advisors and their respective investment strategies in PM do not substitute for each client's ongoing monitoring of their account(s) and the performance of their investments. The standards

applied to the periodic performance and other reviews of a Wealth Advisor's strategy or strategies in PM vary from the reviews applicable to third-party Portfolio Managers in the other Programs (i.e., STRATIS, UMA etc.).

For information relating to the day-to-day supervision of Wealth Advisors and the PA and PM accounts they advise generally, please refer to Item 9.iv below.

### *iii. Related Person Portfolio Managers Model Portfolio Providers and/or Program Securities, as applicable*

As described above, other than the Wealth Advisors in PM, none of JPMS' related persons acts as a Portfolio Manager or Model Portfolio Provider in the other Programs. Each Wealth Advisor in the Program is an employee, registered representative and investment advisory representative of JPMS and is subject to substantially the same selection and review processes and criteria described above. For PA, certain Wealth Advisors in the Program may also act as discretionary Portfolio Managers of client accounts in PM. Clients should understand that, to the extent a Wealth Advisor has clients in both Programs and intends to buy or sell a security for clients in PM at or about the same time he intends to recommend the same transaction to clients in PA, the Wealth Advisor will generally execute the transaction for the discretionary accounts in PM before executing it for non-discretionary investment accounts in PA. This could have a negative effect on the performance of accounts in PA.

In certain of the other Programs, some of the Portfolio Managers are affiliates of JPMS. In addition, certain securities and their issuers and/or advisers are affiliated with JPMS. More specifically, some of the Funds available to clients in the Programs are sponsored by affiliates of JPMS and/or have engaged investment advisers affiliated with JPMS, including JPMIM, to manage their investment.

JPMS has a conflict of interest in including affiliated Researched Products in the Programs, conducting (or having an affiliated Review Vendor/third party conduct) periodic reviews of them in the Programs, in identifying them in the Programs to specific clients and/or in designating them as default replacements for account assets invested in Researched Products that are removed from the Program because if a client selects (or is automatically re-invested into) an affiliated Researched Product, JPMS and its affiliates will receive greater aggregate compensation than if the client selected (or was automatically re-invested into) an unaffiliated Researched Product.

JPMS believes that this conflict is addressed by the fact that neither the persons responsible for the initial and periodic review of Researched Products for inclusion in the Programs and for possible designation as default replacements for Researched Products removed from the Program, nor the Wealth Advisors who recommend or identify specific Researched Products to clients, receive any direct financial benefit (such as additional compensation) from the investment of assets with an affiliated Researched Product instead of than in unaffiliated one. Moreover, because Wealth Advisors are typically compensated in the Program through the receipt of a portion of JPMS' component of the Fee, which is typically tied to or calculated based on the value of Program accounts, Wealth Advisors are to that extent incentivized to identify Researched Products they believe will increase the value of an account, regardless of whether or not they are affiliated with JPMS. In addition, as a matter of policy, JPMS will not designate an affiliated Researched Product as the default replacement for retirement plan accounts (including IRAs and accounts subject to ERISA) invested in a Researched Product that has been removed from the Program; if such a Researched Product has been designated as the default replacement for non-retirement plan accounts, JPMS will either designate a different, unaffiliated default replacement, or will not designate any default replacement, for retirement plan accounts.

#### **iv. Use of J.P. Morgan Funds and Model Portfolio Providers and Potential Conflicts of Interest**

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

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

For JPMCAP, as a general matter (for which a J.P. Morgan Portfolio Manager or Fund can be selected), J.P. Morgan 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. As an example, JPMPI may allocate a significant portion of the assets in JPMCAP to J.P. Morgan Funds. That portion varies depending on market or other conditions.

While J.P. Morgan's internally managed strategies generally align well with J.P. Morgan's forward looking views, and J.P. Morgan 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, J.P. Morgan 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 Funds - Management Fees.** J.P. Morgan or its affiliates may be the sponsor or manager of Funds, including ETFs, that are purchased for non-retirement accounts. In such case, J.P. Morgan or its affiliates in most cases will receive a fee for managing such Funds or for providing other services to such Funds based on the value of the assets invested in the Funds. As such, J.P. Morgan 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 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 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 JPMS) 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.

**J.P. Morgan Six Circles Funds.** JPMPI and its affiliates have 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.

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 third-party 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.)

#### **Affiliated Model Portfolio Providers**

With respect to Model Portfolio Providers, if an affiliate serves as a Model Portfolio Provider in the applicable Programs, there is a benefit to J.P. Morgan since it increases the overall revenue of J.P. Morgan. Additionally, both affiliated and unaffiliated Model Portfolio Providers can invest in products that can result in additional revenue to J.P. Morgan.

#### **Allocation of Affiliated Funds in JPMCAP**

JPMPI can allocate a portion of the assets in JPMCAP to J.P. Morgan Funds. That portion varies depending on market or other conditions. There are multiple models in each of the investment strategies available in JPMCAP. Certain models invest only in Funds, while other models can also invest in Liquid Alternative Funds and municipal securities. The prior composition of investment strategies in JPMCAP is not intended to predict the future composition of investment strategies or use of J.P. Morgan Funds in JPMCAP. The use of J.P. Morgan Funds, non-J.P. Morgan Funds and J.P. Morgan cash in a client's account will depend on the client's asset level, the model selected, reasonable restrictions placed by the client 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.

The following chart for JPMCAP show the allocation of J.P. Morgan Funds (excluding Six Circles Funds), non-J.P. Morgan Funds, Six Circles Funds, and J.P. Morgan cash for JPMCAP taxable models. The chart does not reflect models that elect not to use J.P. Morgan Funds, models that elect only Index Oriented Vehicles, or models that utilize Liquid Alternative Funds (other than the Aggressive Growth investment strategy because all Aggressive Growth investment strategies include Liquid Alternative Funds) or municipal fixed income options.

	Year End 2020 - Taxable Models*			
JPMCAP Investment Strategy	J.P. Morgan Funds	Non-J.P. Morgan Funds	Six Circles Funds	J.P. Morgan Cash
Conservative	5.00%	71.00%	23.00%	1.00%
Balanced	11.00%	64.00%	24.00%	1.00%
Growth	9.00%	68.00%	22.00%	1.00%
Aggressive Growth	9.00%	69.00%	21.00%	1.00%
Managed Fixed Income	21.00%	63.00%	15.00%	1.00%
Managed Equities	10.00%	55.00%	34.00%	1.00%

\*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 retirement accounts in JPMCAP will be a J.P. Morgan option unless a client elects to select a non-J.P. Morgan cash option.

Allocations shown here are illustrative only, do not necessarily represent actual use of J.P. Morgan Funds and third-party issuers and managers represented in any particular client’s account, and can change without notice. In JPMCAP, JPMPI has full discretionary authority to select securities and investment vehicles, and is not required to adhere to the illustrative allocations pictured here.

#### ***v. Allocations of Client Assets to J.P. Morgan Funds (Including New Funds) in JPMCAP***

J.P. Morgan has an incentive to allocate assets to new J.P. Morgan 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 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 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 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 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.

#### ***vi. Methods of Analysis, Investment Strategies and Risk of Loss***

##### **a. Methods of Analysis and Investment Strategies (PA and PM)**

In addition to various methods of analysis used by Wealth Advisors in PM and/or PA as discussed below, please refer to Item 6.ii above for a discussion of the research and review processes that Manager Solutions conducts on Researched Products used in the Programs, including the Systematic Research Process which is utilized for those Researched Products made available in PA and PM.

In formulating investment advice, managing assets, and recommending or effecting (as applicable) transactions in PA and PM, JPMS (through its Wealth Advisors) uses various methods of analysis, including:

- fundamental analysis, typically an effort to measure the intrinsic value of a security through analysis of the issuer itself, its financial statements and condition, its management and competitive advantages, and its competitors and markets;

- technical analysis, typically involving the study of data generated by market activity, such as past security prices and volume, in an effort to identify patterns and trends that may suggest a security’s future price performance; and
- cyclical analysis, generally involving the examination of macroeconomic and market trends as a guide to forecasting security prices.

The method(s) of analysis used for a PA or PM Program client/account varies among and depends on the individual practice and investing philosophy of the Wealth Advisor. There is no assurance that a particular Wealth Advisor will use any of the methods of analysis identified above.

JPMS typically does not provide investment advice in PA and PM with respect to futures and commodities. JPMS may provide advice with respect to, and may invest or recommend that Program accounts invest in, other types of investments and securities, including U.S. and foreign equity and income-oriented securities, shares of open and closed end Funds (including those that invest in futures and commodities), interests in limited partnerships (including master limited partnerships) and other pooled investment vehicles, derivatives, certain structured notes (in PA), options, REITs, and cash.

Descriptions of some of the particular types of investments and investment tactics that may be recommended by certain Wealth Advisors in their implementation of certain investment strategies, and some of the risks presented by such investments are provided below. The information provided below is meant to summarize certain risks and is not inclusive of each and every potential risk associated with each investment type or applicable to a particular client account. Therefore, clients should not rely solely on the descriptions provided below and are urged to speak with their Wealth Advisor and ask questions regarding risk factors applicable to a particular investment strategy or product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

##### **b. Risk of Loss**

**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.**

Set forth below are certain material risk factors associated with all of the Programs. There are certain other risk factors described elsewhere in this Brochure. For a more complete summary of material risk factors and conflicts of interest associated with the strategies of third-party Portfolio Managers in certain Programs, please see the applicable Portfolio Manager’s Form ADV Part 2A and/or any applicable prospectuses or other relevant disclosure documents.

#### **GENERAL RISKS**

**General Market Risk.** Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in any one strategy may underperform in comparison to general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation (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 or pandemics.

**Infectious Disease Risk.** The outbreak of COVID-19, a novel coronavirus disease, has negatively affected economies, markets and individual companies throughout the world, including those in which separately managed accounts and J.P. Morgan affiliated Funds invest. The effects of this pandemic to public health and business and market conditions, including exchange trading suspensions and closures may continue to have a significant negative impact on the performance of the separately managed accounts and J.P. Morgan affiliated Fund investments, increase separately managed account and fund volatility, impact arbitrage and pricing mechanisms for certain J.P. Morgan affiliated Funds, exacerbate preexisting political, social, and economic risks to separately managed accounts and J.P. Morgan Affiliated Funds, and negatively impact broad segments of businesses and populations. JPMS' operations may be interrupted as a result, which may contribute to the negative impact on investment performance. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic that affect the instruments in which a separately managed account or J.P. Morgan affiliated Funds invests, or the issuers of such instruments, in ways that could have a significant negative impact on such account or fund's investment performance. The full impact of the COVID-19 pandemic, or other future epidemics or pandemics, is currently unknown.

**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.

**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, JPMS and its funds 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.

**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.

**LIBOR Discontinuance or Unavailability Risk.** The London Interbank Offering Rate ("LIBOR") is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. The U.K. Financial Conduct Authority ("FCA") has publicly announced that certain tenors and currencies of LIBOR will cease to be published or representative of the underlying market and economic reality they are intended to measure on certain future dates; current information about these dates is available at [https://www.jpmorgan.com/disclosures/interbank\\_offered\\_rates](https://www.jpmorgan.com/disclosures/interbank_offered_rates). There is no assurance that the dates announced by the FCA will not change or that the administrator of LIBOR and/or regulators will not take further action that could impact the availability, composition or characteristics of LIBOR or the currencies and/or tenors for which LIBOR is published, and we recommend that clients consult their advisers to stay informed of any such developments. Public and private sector industry initiatives are currently underway to implement new or alternative reference rates to be used in place of LIBOR. There is no assurance that 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 of a fund's or other client account's loans, notes, derivatives and other instruments or investments comprising some or all of a fund's or other client account's portfolio and result in costs incurred in connection with closing out positions and entering into new trades. These risks may also apply with respect to changes in connection with other interbank offering rates (e.g., Euribor) and a wide range of other index levels, rates and values that are treated as "benchmarks" and are the subject of recent regulatory reform.

**Exchange-Traded Funds and Index Mutual Funds.** ETFs and index mutual funds are marketable securities that are interests in registered funds, and are designed to track, before fees and expenses, the performance or returns of a relevant basket of assets, usually an underlying index. The index may be published or calculated by affiliates of JPMP. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares.

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 use of swaps or other derivative instruments.

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

- **Variance from Benchmark Index.** ETF and index mutual fund performance may differ from the performance of the applicable index for a variety of reasons. For example, ETFs and index mutual funds 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 and mutual funds (such as mergers and spin-offs) may impact the variance between the performances of the funds and applicable indices.
- **Passive Investing Risk.** Passive investing differs from active investing in that ETF and index mutual fund managers are not seeking to outperform their benchmark. As a result, managers may 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 may 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 may 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 may also disrupt the ability of market participants to create and redeem shares in ETFs. Further, market volatility may 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 may incur significant losses from the sale of ETF shares.
- **Tracking the Index.** Certain funds track financial indexes in which J.P. Morgan retains various intellectual property rights. As a result, J.P. Morgan may be entitled to receive index licensing fees from unaffiliated licensees of these indexes. Affiliates of JPMPI may develop or own and operate stock market and other indexes based on investment and trading strategies developed by such affiliates. Affiliates of JPMPI may also assist unaffiliated entities in creating indexes that are tracked by certain ETFs and index mutual funds utilized by JPMPI. Some ETFs and index mutual funds seek to track the performance of these indexes. J.P. Morgan may, from time to time, manage client accounts that invest in the ETFs and index mutual funds. In addition, J.P. Morgan may manage strategies which track the same indexes used by the ETFs and index mutual funds or which may be based on the same, or substantially similar, strategies that are used in the operation of the indexes and the ETFs and index mutual funds. The operation of the indexes, the ETFs and index mutual funds and client accounts in this manner may give rise to potential conflicts of interest. For example, client accounts that track the same indexes used by the ETFs and index mutual funds may engage in purchases and sales of securities relating to index changes prior to the implementation of index updates or at the time as of which the ETFs and index mutual funds engage in similar transactions because the client accounts may be managed and rebalanced on an ongoing basis, whereas the ETFs' and index mutual funds' portfolios are only rebalanced on a periodic basis corresponding with the rebalancing of an index. These differences may result in the client accounts having more favorable performance relative to that of the index and the ETFs and index mutual funds or other client accounts that track the index. Other potential conflicts include the potential for unauthorized access to index information, allowing index changes that benefit JPMPI or other client accounts and not the investors in the ETFs and index mutual funds. J.P. Morgan has established certain information barriers and other policies to address the sharing of information between different businesses within J.P. Morgan, including with respect to personnel responsible for maintaining the indexes and those involved in decision-making for the ETFs and index mutual funds.

**Liquid Alternative Funds (PM and JPMCAP).** In general, Programs that make Liquid Alternative Funds available do so subject to asset threshold requirements. Liquid Alternative Funds refer to Funds that may hold more non-traditional investments, trade more frequently, employ more complex trading strategies and that have higher total expense ratios (plus higher

annual operating expenses) than traditional mutual funds. Higher fees will negatively impact performance compared to traditional mutual funds. In addition to the usual market and investment-specific risks of traditional mutual funds, Liquid Alternative Funds carry additional risks based on the strategies they use and the underlying investments made by the Liquid Alternative Funds. These strategies target specific returns or benchmarks and seek to mitigate or provide exposure to alternative asset classes. Liquid Alternative Funds typically 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, and may provide a source of returns with a low correlation to the performance of traditional asset classes, such as equities and bonds.

Liquid Alternative Funds utilize strategies similar to hedge funds, but are subject to regulatory limits on illiquid investments, leveraging and amounts invested in any one issuer. (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, and often charge performance fees in addition to management fees.) 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 may 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 and are further described in the prospectus.

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 are approved by JPMS. Because Liquid Alternative Funds involve speculative strategies, clients should fully understand the terms, investment strategy and risk associated with these investments. 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. The risks of a particular Liquid Alternative Fund are described in the prospectus.

**Risks of Investing in Structured Products (PA).** In PA, certain Wealth Advisors may recommend that clients invest in, or allocate assets among, various unaffiliated structured products, which are generally unsecured debt obligations of the companies that issue them (each, an "issuer"). As such, any payment on a structured product, including any repayment of principal, is subject to the creditworthiness of the issuer.

Structured products may not be suitable for all clients. Investing in structured products involves the use of derivatives and a higher degree of risk factors substantially different than those associated with other traditional investments, including risk of adverse or unanticipated market developments, issuer credit quality risk, risk of counterparty or issuer default, risk of lack of uniform standard pricing, risk of adverse events involving any underlying reference obligations, entity or other measure, risk of high volatility, and risk of illiquidity. The return on a structured product, including the amount paid at maturity, if any, is linked to the performance of an underlying asset (e.g., single stocks, indices, currencies, commodities or interest rates) and thus exposed to market and other risks related to the underlying asset(s). Therefore, it is possible that the return may be zero or significantly less than what investors could have earned on an ordinary, interest-bearing debt security. Past performance of an underlying asset class is not indicative of the profit and loss potential on any particular structured product. The value of the underlying assets can experience significant periods of fluctuation and prolonged periods of underperformance. Structured products are not FDIC insured and are not listed on any securities exchange. There may be little or no secondary market for a structured product and information regarding independent market pricing for a structured product may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. The price, if any, at which structured products can be purchased in secondary market transactions, if at all, will likely be lower than the

original issue price and any sale prior to the maturity date could result in a substantial loss. Structured products are not designed to be short-term trading instruments; clients who purchase structured products should be willing to hold until maturity. The tax treatment of a structured product may be very different than that of a traditional investment or of the underlying asset and significant aspects of the tax treatment of a structured product may be uncertain. It is important that before investing in a structured product, investors should review the accompanying prospectus and prospectus supplement to understand the actual terms of the risks associated with specific structured products. In certain transactions, investors may lose their entire investment, i.e., incur an unlimited loss.

#### **Material Risks Associated with Investments and Strategies in PA and PM**

The investments and strategies available for PA and/or PM entail varying degrees of risk. Each client is urged to consult with his or her own Wealth Advisor to discuss the risks associated with the particular investment strategy or strategies, investments and/or transactions recommended or effected for the client's PA or PM account(s).

#### **RISKS THAT APPLY PRIMARILY TO EQUITY INVESTMENTS**

**Equity Securities.** Strategies that invest in equity securities (such as stocks) 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 will generally result from factors affecting individual companies, sectors or industries selected or recommended for a portfolio or the securities market as a whole, such as changes in economic or political conditions.

Equity securities that are included or recommended for inclusion in growth strategies are generally those that the Wealth Advisor or Portfolio Manager believes are more likely to 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 generally trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

Equity securities that are included or recommended for inclusion in value strategies are generally those that the Wealth Advisor or Portfolio Manager believes the market has undervalued. A Wealth Advisor or Portfolio Manager that engages in value investing selects stocks which are trading at prices that he/she believes are temporarily low relative to factors such as the company's earnings, cash flow or dividends. A value stock can decrease in price or not increase in price as anticipated by the Wealth Advisor or Portfolio Manager if other investors fail to recognize the company's value or the factors that the Wealth Advisor or Portfolio Manager believes will cause the stock price to increase do not occur.

Certain strategies or Portfolio Managers may invest or may recommend investments in securities of smaller companies. Investments in smaller companies are generally 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.

#### **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 less sensitive to interest rate changes than fixed rate instruments, but the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Many factors can cause interest rates to rise. Some examples include central bank monetary policy (such as an interest rate increase by the Federal Reserve), rising 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 default completely. Such default could result in losses. In addition, the credit quality of securities may be lowered if an issuer's or a counterparty's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security, affect liquidity and make it difficult to sell the security. Certain strategies may invest in securities that are rated in the lowest investment grade category. Such securities also are considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities are more vulnerable to changes in economic conditions than issuers or counterparties of higher grade securities. Prices of fixed income securities may be adversely affected and credit spreads may increase if any of the issuers of or counterparties to such investments are subject to an actual or perceived deterioration in their credit quality. Credit spread risk is the risk that economic and market conditions or any actual or perceived credit deterioration of an issuer may lead to an increase in the credit spreads (i.e., the difference in yield between two securities of similar maturity but different credit quality) and a decline in price of the issuer's securities.

**Government Securities Risk.** A Wealth Advisor may recommend a strategy that invests 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 U.S. are guaranteed only as to the timely payment of interest and principal when held to maturity; however, 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 invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy or financially distressed. These investments (commonly 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 Risk.** A non-equity investment, such as a convertible debt obligation, may convert to an equity security. Alternatively, 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. Municipal bonds may be more susceptible to credit rating downgrades or defaults during recessions or similar periods of economic stress. Factors contributing to 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.

#### **OTHER MISCELLANEOUS RISKS**

**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 Risk.** International investing bears greater risk due to social, economic, regulatory and political instability in countries in “emerging markets.” Emerging market securities can be more volatile and less liquid than developed market securities. Changes in exchange rates and differences in accounting and taxation policies outside the U.S. can also affect returns. Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, greater volatility, civil conflicts and war, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, and less stringent investor protection and disclosure standards. These risks are magnified in countries in “emerging markets.”

**Currency Risk.** Investments in foreign securities may be affected by changes in currency exchange rates. Generally, a decline in the exchange rate of the foreign currency in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security in U.S. dollars proportionally. 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.

**Derivatives.** Certain Wealth Advisors may recommend to PA clients or utilize in PM a variety of derivative instruments. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets such as stocks, interest rates, or securities indices. They can provide a form of “leverage” in that they permit a client’s portfolio to speculate on fluctuations in the prices of securities indices or other assets while investing only a small percentage of the value of the underlying securities or other assets. Trading and investing in derivatives can be highly speculative and may be riskier than other types of investments because they may be more sensitive to changes in economic and market conditions, and could result in losses that significantly exceed the investor’s original investment in the derivative.

**Options.** Certain Wealth Advisors may recommend that Program clients invest assets in or trade options on specific securities and indices. Assets may be used to buy or sell (“write”) both call options and put options. Options may be written on either a “covered” or “uncovered” basis. A

covered option is an option position that is fully hedged by a long or short position in the underlying asset. Covered options transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position). Uncovered options are unhedged options positions. Uncovered options transactions are generally a speculative use of leverage whereby a client’s portfolio has the right to benefit from price movements in a large number of securities with a small commitment of capital. Trading uncovered options involves significant risks. Buying uncovered options may result in a total loss of the purchase price if the options expire “out-of-the-money.” The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price. The risk of writing uncovered put options is substantial, and may far exceed the premiums received. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. The writer of uncovered options must post margin. If the value of the underlying instrument moves against an uncovered writer’s options position, additional margin payments may be required. If the client is unable to meet such margin calls, positions in the account may be liquidated at substantial losses with little or no prior notice and render the client unable to benefit from any rebound in the value of the investments that were liquidated.

**Exchange-Traded Funds and Index Mutual Funds.** Please refer to Item 6.vi for details on ETFs and Index Mutual Funds.

**Leveraged and Inverse ETFs and Mutual Funds.** Although JPMS does not generally permit the recommendation and/or purchase of leveraged and inverse Funds for Program accounts, certain Program clients may have already been invested in or may wish to invest in leveraged Funds, which seek to deliver multiples of the performance of the index or benchmark they track for a specified period (typically daily). Inverse Funds are generally “short” Funds, meaning that they seek to deliver the opposite of the performance of the index or benchmark they track. Like traditional Funds, leveraged and inverse Funds may track broad indices, specific sectors, or be linked to commodities or currencies. Some Funds are both short and leveraged, meaning that they seek to achieve a return that is a multiple of the inverse performance of the underlying index or benchmark. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objective on a daily basis. Due to the effects of compounding and “decay,” their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of the underlying index or benchmark during the same period of time, especially in volatile markets.

**Private Placements.** Investments in private placements can entail significant risks and generally are not permitted in the Programs. The securities offered through private placements are not available for sale to the general public, and are therefore illiquid. The federal securities laws heavily restrict the resale of private placement securities and a public market may never develop for such securities. Therefore, clients may have difficulty disposing of private placement securities. Because private placement issuers are typically not required to register with the SEC or to publicly report financial information and other important company information, the amount of information available about private placement issuers may be limited.

**Master Limited Partnerships (“MLPs”).** Certain strategies may invest in MLPs which are limited partnerships that issue publicly traded investment units. The partnership structure of MLPs and other factors give rise to unique tax treatment and investment risks.

The following are some of the risks that clients should consider before investing in MLPs:

- Smaller, thinly traded MLPs may be price sensitive in the event of a large position sale or purchase.
- Equity offerings by an issuer have tended to cause a drop in the price of the issuer’s MLP units.

- MLPs may experience negative correlation to rising interest rates.
- MLPs typically pay their partners from operating cash flows, and therefore rely on capital markets for access to equity and debt financing in order to fund projects and acquisitions.
- Tax deferral and tax liabilities vary by MLP.
- A more restrictive tax policy can change the attractiveness and value of MLPs.
- Holders of MLP units have limited voting rights on matters affecting the MLP.
- Holders of MLP units could be exposed to liability for the obligations of the MLP as a result of certain legal proceedings relating to the rights of unit holders or compliance with state partnership laws.

In addition, investments held by an MLP may be relatively illiquid, limiting the MLP's ability to vary its portfolio promptly in response to changes in economic or other conditions. In addition, MLPs may have limited financial resources, their securities may trade infrequently and in limited volume and they may be subject to more abrupt or erratic price movements than securities of larger or more broadly-based companies. Additional risks involved with investing in an MLP are risks associated with the specific industry or industries in which the partnership invests, such as the risks of investing in real estate, or oil and gas industries.

**Concentration of Investments.** Certain Wealth Advisors at times may recommend that Program clients concentrate account assets in a region, a small group of countries, or in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may or may be advised to hold concentrated positions in specific securities. Therefore, at times, an account may or may be advised to hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, the value of the account may be subject to greater volatility than a more geographically or sector diversified portfolio. Investments in issuers within a country, state, geographic region, industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio may affect the overall value of the portfolio and may cause greater losses than it would in a portfolio that holds more diversified investments.

**Short Sales.** Certain Wealth Advisors may recommend that clients sell securities short as a regular part of their investing activities. In a short sale, an individual sells securities it does not own. Wealth Advisors may recommend that the client sell short in the hope that the market price will decline and that the client will be able to buy replacement securities later at a lower price. To accomplish this, the client borrows the securities from JPMS, and "closes" the position by "returning" the security (buying a replacement security on behalf of the lender) whenever the lender chooses. As collateral for this obligation to "close" its short position, the client is required to leave the proceeds of its short sale with JPMS, and deliver an additional amount of cash or other collateral required by margin regulations. Because of the repayment obligation, a short sale theoretically involves the risk of unlimited loss: the price at which the client must buy "replacement" securities could increase without limit. There can be no assurance that the client will not experience losses on short positions and, if such losses occur, that those losses will be offset by gains on any long positions to which they may relate. Short sales also may be effected by causing an account to deliver borrowed securities to settle a sale of securities already in the account (so-called selling "short against the box"). One purpose of selling short "against the box" is to lock in the value of securities owned when selling the securities owned is not permitted.

**Leverage.** Certain PA clients may seek to leverage their investment positions by borrowing funds (e.g., through the use of margin) from JPMS, other broker-dealers, banks or others, or certain Wealth Advisors in PM, may seek to leverage client investment positions by borrowing funds on the client's behalf (e.g., through the use of margin) from JPMS, other broker-

dealers, banks or others. In PM, the client typically authorizes JPMS to borrow funds on the client's behalf for the purpose of employing such leverage in the client's Program account in the Client Agreement or another written instrument. Use of leverage increases both the possibilities for profit and the risk of loss. Borrowings will usually be from JPMS and typically will be secured by the client's securities and other assets. Under certain circumstances, JPMS (as the lending broker-dealer) may demand an increase in the collateral that secures the client's obligations (commonly known as a "margin call") and, if the client is unable to provide additional collateral, JPMS may liquidate assets held in the client's account to satisfy the client's obligations. Liquidation in that manner could result in significant losses, and render the client unable to benefit from any rebound in the value of the investments that were liquidated. In addition, the amount of the client's borrowings (if any) and the interest rates on those borrowings, which may fluctuate, will have a significant effect on account performance.

**Short-Term Trading.** Certain Wealth Advisors may or may recommend that Program clients engage in short-term (i.e., active and frequent) trading of securities, 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.

**Idle Assets.** While Wealth Advisors generally recommend that Program clients keep their account assets invested, at any time and for a substantial length of time, a Wealth Advisor may recommend that the client hold a significant portion of assets in cash, money market mutual funds and other short-term securities. Investments in such assets may cause a client to miss out on upswings in the markets. Unless JPMS expressly agrees otherwise in writing, Program account assets consisting of cash, money market mutual funds and other short-term securities are included in the net market value of the account's assets for purposes of calculation of the Fee.

A Wealth Advisor's implementation of an investment strategy in the PM Program may be constrained by certain investment limitations on the positions in securities including Funds, or other financial instruments, that JPMS or its affiliates will take on behalf of its clients in the aggregate due to, among other things: (i) liquidity concerns; (ii) regulatory requirements applicable to JPMS or its affiliates; and (iii) internal policies related to such concerns or requirements, in light of the management of multiple portfolios and businesses by JPMS and its affiliates. Such policies preclude JPMS or its affiliates from purchasing certain securities for clients and may cause JPMS to sell certain securities held in client accounts.

**Special Purpose Acquisition Companies ("SPACs").** To the extent that investments in SPACs are permitted and/or utilized in certain Programs, clients should be aware that investments in SPACs are speculative and entail significant potential risks. SPACs are companies formed to raise capital in an initial public offering ("IPO") with the purpose of using the proceeds to acquire one or more unspecified businesses or assets to be identified after the IPO, typically within 24 months from formation. SPACs typically have no revenue or operating history. The SPAC must use at least 80% of its net assets for any such acquisition, and if it fails to do so, then it must dissolve. SPACs present unique risks, such as the risk that SPAC managers are unqualified or inexperienced, and the risk that no acquisition will occur and the SPAC will be liquidated. SPACs do not "pre-identify" possible acquisition targets and the underwriters and do not perform any due diligence on acquisition targets. While some SPACs are specific about the industries or regions in which they will seek an operating company, others are open-ended. If the SPAC dissolves, it returns to investors their pro rata share of the invested assets in escrow. In most of these cases, investors will receive nearly all of their principal invested, but will not share in any of the returns generated from the funds held in escrow as such proceeds are used to cover the operating expenses of the SPAC (therefore tying up client cash unnecessarily and, in turn, possibly missing out on other opportunities). There is also no guarantee with respect to any potential returns on investments in SPACs. Due diligence requirements may also be lower for SPACs than those required by the SEC for ordinary IPOs. Clients should consult the applicable offering documents to become



familiar with SPACs and should fully understand the risks associated with SPACs prior to investing.

#### **vii. Performance Based Fees and Side by Side Management**

JPMS does not charge performance-based fees in connection with Program accounts. However, certain Funds available in the Programs may be subject to performance-based fees or varying Fund expense charges imposed by the Fund manager or advisor (or another party).

#### **viii. Voting Client Securities**

##### **PA, C-BoS, and Horizon**

JPMS and the Portfolio Manager in C-BoS, as applicable, do not have, and will not accept, authority to vote client securities held in Program accounts. In accordance with applicable law, JPMS will forward to the client all proxy-related materials, annual reports and other issuer-related materials that they receive pertaining to securities held in the client's Program account. In cases where the client has chosen to use a custodian other than JPMS, the client may receive proxies and other solicitations from that custodian. The client may contact his or her Wealth Advisor with questions about a particular proxy solicitation – but JPMS and the Portfolio Manager are expressly precluded from taking any action or rendering any advice to any client in these Programs with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the client's Program account. JPMS and the Portfolio Manager are not responsible for initiating any legal action or rendering any advice to or taking any action on behalf of clients in the Program with respect to any legal proceedings, including class actions or bankruptcies, related to securities or other investments held in Program accounts, or the issuers thereof. Clients retain the right and obligation to take such legal action relating to the securities held in their accounts.

##### **PM**

Clients may elect to vote proxies for the securities and other property in their account(s), or clients may delegate proxy voting authority to JPMS. As stated in the Client Agreement, the proxy voting authority that clients delegate to JPMS also authorizes JPMS to further delegate these proxy voting rights to, or otherwise use services provided by, a third-party proxy voting or advisory service, subject to JPMS' oversight.

When a Program client has delegated proxy voting authority to JPMS, a potential conflict of interest arises because JPMS' and the client's interests with respect to the subject matter of the proxy may conflict or otherwise differ. This conflict is addressed in part by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), which requires JPMS to adopt and implement written procedures designed to ensure that it votes client securities in the best interests of clients and the general fiduciary responsibilities associated with acting in the capacity of investment adviser. Therefore, to minimize conflicts of interest, JPMS has engaged as its delegate Institutional Shareholder Services Inc. ("ISS"), an independent service provider, for purposes of voting proxies for any securities and other property in Program client accounts for which JPMS has been granted proxy voting authority, in accordance with ISS' proxy voting guidelines in effect from time to time, copies of which are available on request. All such activities of ISS are subject to the oversight and supervision of JPMS, and to **JPMS' proxy voting policies and procedures applicable to accounts in the Program, a copy of which is available to Program clients upon request.** Information relating to ISS and their services is available on the ISS website at <https://www.issgovernance.com> and the ISS Form ADV Part 2A Brochure is available on the SEC's website at <https://www.adviserinfo.sec.gov>. JPMS relies upon ISS to maintain proxy voting records and has obtained an undertaking from ISS to provide copies of such records promptly upon JPMS' request. Therefore, a client who wishes to obtain the proxy voting records with respect to the securities held in their PM accounts should contact the client's Wealth Advisor(s). JPMS can, in its discretion, change the proxy voting service provider at any time. JPMS will not be deemed to have or exercise proxy voting responsibility by virtue of any authority to hire or change the proxy voting service provider.

Pursuant to the terms of the Client Agreement, in delegating proxy voting authority to JPMS, who in turn delegates such authority to ISS, clients are also authorizing JPMS to provide to ISS all proxy related materials it receives for securities in the client's Program account(s). Accordingly, clients who delegate proxy voting authority to JPMS will generally not receive proxy materials or annual reports relating to securities and other property that clients hold in their applicable PM accounts.

The delegation of proxy voting authority to JPMS and from JPMS to ISS applies only to proxies that ISS generally votes and does not apply to proxies which ISS declines to vote (which will not be voted). With respect to such proxies, in limited circumstances, such as when ISS does not cover the issuer of a particular security or securities or otherwise does not recommend a vote, no action will be taken with respect to the voting of any such proxies. In such circumstances, it is also important to note that JPMS will not vote or take any action with respect to the proxy on behalf of the affected Program clients.

If the client has delegated proxy voting authority to JPMS, either JPMS or the client may subsequently terminate the authorization at any time by written notice to the other party. Once a client revokes his or her delegation, the client will receive all proxy materials and annual reports related to securities and other property in the client's account(s) and will be responsible for voting proxies directly, or instructing any third-party custodian that holds such securities and other property, as applicable.

##### **STRATIS, UMA and ICS**

Except to the extent the client specifically reserves the right to vote proxies in writing in accordance with applicable law, the client (i) authorizes the selected Portfolio Manager(s) to receive the proxy-related materials, annual reports and other issuer-related materials for securities in client account(s); and (ii) delegates to the Portfolio Manager the proxy voting rights for those securities (and, thereby, authorizes the Portfolio Manager(s) to further delegate these proxy voting rights to, or otherwise use services provided by, a third-party proxy voting or advisory service), in accordance with proxy voting policies and procedures that each such Portfolio Manager may, from time to time, establish. Client may revoke this delegation of proxy voting authority at any time by notice to JPMS. In accordance with applicable law, JPMS will forward to Portfolio Manager(s) any proxy-related materials, annual reports and other issuer-related materials received by JPMS that pertain to securities held in the account.

##### **JPMCAP**

JPMS and JPMPI will not vote proxies (or give advice about how to vote proxies) relating to securities and other property currently or formerly held in a client's account. JPMS and its affiliates will not be responsible or liable for: (1) failing to notify a client of proxies, or (2) failing to send to the Proxy Service (defined below) or a client, as applicable, proxy materials or annual reports where JPMS or its affiliates have not received proxies or related shareholder communications on a timely basis or at all.

Each client has the right to vote, and is responsible for voting, proxies for any securities and other property in the client's account. In JPMCAP, clients can appoint an independent services provider designated by JPMS for purposes of voting proxies ("Proxy Service") as the client's agent and attorney-in-fact, and authorize the Proxy Service, in its discretion, to vote proxies for any securities and other property in the client's account in accordance with the Proxy Service's proxy voting guidelines in effect from time to time, copies of which are available on request. The Proxy Service is currently ISS. Information relating to ISS services is available on the ISS website at <https://www.issgovernance.com>. The ISS advisory brochure is available at the SEC's website at <https://www.adviserinfo.sec.gov>. The Proxy Service role as the agent of clients applies only to proxies that the Proxy Service generally votes and does not apply to proxies with respect to which the Proxy Service declines to vote. A client who appoints the Proxy Service will not receive proxy materials or annual reports relating to securities and other property for which the Proxy Service has accepted responsibility for voting related proxies. In limited circumstances the Proxy Service will not vote proxies. A client can revoke its appointment of the



Proxy Service upon written notice to JPMS at J.P. Morgan Securities LLC, Mail Code: IL1-0291, PO Box 1762, Chicago, IL 60690-1762 Attn: Proxy Voting Opt Out. If a client revokes his or her appointment of the Proxy Service, the client will receive all proxy materials and annual reports related to securities and other property in the client's account, and will be responsible for voting such proxies directly or instructing any custodian that holds such securities and other property. JPMS can, in its discretion, change the Proxy Service. JPMS will not be deemed to have or exercise proxy voting responsibility or authority by virtue of any authority to hire or change the Proxy Service.

In JPMCAP, JPMPI will receive and respond to corporate actions with respect to securities in a client's account, such as: any conversion option; execution of waivers; consents and other instruments; and consents to any plan of reorganization, merger, combination, consolidation, liquidation, or similar plan. 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. Neither JPMS nor JPMPI is obligated to render any advice or take any action on a client's behalf with respect to 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, neither JPMS nor JPMPI is 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 investments held or previously held, in the client's account or the issuers thereof.

**ix. Prospectus Delivery for Discretionary Accounts (PM, JPMCAP)**

A discretionary investment adviser can receive prospectuses and other issuer-related materials on behalf of a client for any mutual funds and ETFs in a client's account with client authorization. JPMS or JPMPI, as a client's agent, will have access to the prospectuses and issuer-related materials and can rely upon them to make mutual fund and ETF 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, risk factors and conflicts of interest.

**ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

To open an account in any of the Programs, clients must provide JPMS with certain information about a client's financial circumstances, investment objective, risk tolerance and any other relevant information relating to the account. A change in the information provided to JPMS or other circumstances can warrant a change to the client's investment objective, risk tolerance or other information. In PM, a client's Wealth Advisor acts as Portfolio Manager and will receive and have access to the information clients provide to enroll and maintain an account in the Program. For the other Programs that involve affiliated and unaffiliated third-party Portfolio Managers, JPMS will generally provide the Portfolio Manager(s) with the information that clients provide during the account opening process (and otherwise), and any changes to such information. However, for ICS, JPMS is not obliged to provide information about clients to the clients' Portfolio Managers in ICS; rather, clients are solely responsible for providing their Portfolio Managers with such information, including any client-specified investment guidelines and/or restrictions. For UMA, JPMS and the UMA Overlay Manager do not provide the Model Portfolio Providers or the securities or their issuers and investment managers with any client information.

To manage and/or provide services to each client's account(s), JPMS (and the Wealth Advisors) and the Portfolio Managers rely on the accuracy and completeness of the information clients provide for that purpose. Accordingly, to ensure that a Program and the selected investments/investment strategy remain suitable for a client, clients are responsible for promptly notifying JPMS of any changes to the information previously provided to JPMS and/or their financial situation or circumstances and for providing JPMS with additional information as requested. At least once annually, JPMS contacts clients in the Programs and notifies, at least quarterly, to determine whether there have been any changes in the client's financial situation, investment objective(s), investment restrictions or other information for the account that may require a change to the account or the management of the accounts. JPMS will have no liability for any client's failure to provide JPMS with accurate or complete information or to inform JPMS promptly of any change in the information a client previously provided.

**ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

For those Programs that involve third-party unaffiliated and affiliated Portfolio Managers, JPMS places no restrictions on clients contacting and consulting directly with the Portfolio Managers. However, unlike the Portfolio Managers selected by the client, the Model Portfolio Providers do not have investment advisory relationships directly with clients, and may themselves restrict such contact and consultation. Clients should review the Form ADV Part 2A brochure(s) or other similar disclosure documents of applicable Portfolio Manager(s) for any restrictions placed by the Portfolio Manager(s).

With respect to PM, the Wealth Advisors responsible for managing client accounts in the Program may be freely contacted by, and are reasonably available for consultation with, clients during normal business hours.

**ITEM 9 – ADDITIONAL INFORMATION**

**i. Disciplinary Information**

JPMS has been involved in the following material legal or disciplinary events during the last ten years. With respect to the periods before the merger of J.P. Morgan Securities Inc. into Bear, Stearns & Co. Inc. (and the naming of the surviving entity as J.P. Morgan Securities Inc., now J.P. Morgan Securities LLC) on October 1, 2008, and the merger of Chase Investment Services Corp. ("CISC") into JPMS on October 1, 2012, the events include those involving any of the three entities.

- 1) Between June 2009 and September 2012, J.P. Morgan, on behalf of itself and its subsidiaries entered into substantially similar settlements with 47 securities regulators of in connection with investigations concerning alleged misrepresentations and omissions in connection with the marketing, sales and distribution of auction rate securities ("ARS"). The principal allegations were that the relevant J.P. Morgan entities misrepresented to customers that ARS were safe, highly liquid investments comparable to money market instruments, and when the auctions that provided liquidity for ARS failed in February 2008, customers held illiquid ARS instead of the liquid, short-term investments J.P. Morgan entities had represented them to be and were unable to sell the ARS. Without admitting or denying the allegations, J.P. Morgan entered into consent decrees pursuant to which the relevant J.P. Morgan entities repurchased ARS from certain customers and paid fines, penalties, disgorgement and restitution in amounts that varied from state to state.
- 2) In June 2011, JPMS agreed with the SEC to resolve the SEC's inquiry regarding certain collateralized debt obligations ("CDOs"). Specifically, JPMS agreed to a settlement of allegations that it was negligent in not providing additional disclosure in marketing materials for a CDO called Squared CDO 2007-1, Ltd ("Squared"). The SEC's complaint alleged that JPMS represented in marketing materials that the collateral manager selected the investment portfolio for Squared but failed to disclose that the hedge fund that purchased the subordinated notes (or "equity") issued by Squared,

and which also took the short position on roughly half of the portfolio's assets, played a significant role in the selection process. Without admitting or denying the allegations, JPMS consented to the entry of a final judgment against it by the United States District Court for the Southern District of New York. The Final Judgment permanently restrains and enjoins JPMS from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 in the offer or sale of any security or security-based swap agreement, orders JPMS to pay disgorgement of \$18.6 million, together with prejudgment interest thereon in the amount of \$2 million, and a civil penalty in the amount of \$133 million, and orders JPMS to comply with certain undertakings related to the review and approval of offerings of certain mortgage securities.

- 3) In July 2011, JPMS resolved an SEC investigation regarding conduct alleged to have taken place on the firm's municipal derivatives desk. The SEC alleged that prior to at least 2005, JPMS made misrepresentations and omissions in connection with bidding on certain municipal reinvestment instruments, which the SEC alleged affected the prices of certain reinvestment instruments, deprived certain municipalities of a presumption that the reinvestment instruments were purchased at fair market value and/or jeopardized the tax-exempt status of certain securities. Without admitting or denying the allegations, JPMS consented to the entry of a final judgment against it by the United States District Court for the District of New Jersey. The Final Judgment permanently enjoins JPMS from violating Section 15(c)(1)(A) of the Securities Exchange Act of 1934 and orders it to pay \$51.2 million to certain municipalities and other tax-exempt issuers.

In coordination with the SEC settlement, J.P. Morgan and certain of its affiliates, including JPMS, also entered into settlements with other agencies to resolve concurrent investigations regarding conduct alleged to have taken place on the firm's municipal derivatives desk relating to certain municipal derivative transactions occurring in or prior to 2006. Those settlements are as follows: J.P. Morgan Chase Bank, N.A. entered into a Formal Agreement and a Consent Order for a Civil Money Penalty with the Office of the Comptroller of the Currency and agreed to pay \$35 million; J.P. Morgan, JPMS, and J.P. Morgan Chase Bank, N.A. entered into a Closing Agreement of Final Determination of Tax Liability and Specific Matters with the Internal Revenue Service and agreed to pay \$50 million; and J.P. Morgan entered into written agreements with the Antitrust Division of the U.S. Department of Justice, the Federal Reserve Bank of New York, and 25 State Attorneys General. J.P. Morgan agreed to pay \$75 million in connection with its agreement with the State Attorneys General. Of the total funds to be paid, \$129.7 million will be eligible for distribution to municipalities and other tax-exempt issuers. The Firm also consented to implement various remedial measures, including enhanced compliance policies and procedures.

- 4) In October 2011, CISC consented to the entry of an order of the Florida Office of Financial Regulation in connection with allegations that the Firm engaged in the investment advisory business within the State of Florida without three (3) individuals being registered as investment advisor representatives in the State of Florida. CISC paid an administrative fine in the amount of \$30,000.
- 5) In November 2011, CISC submitted an AWC to FINRA pursuant to which the Firm was fined, censured and required to provide remediation to customers who purchased certain unit investment trusts ("UITs") and floating rate funds. FINRA alleged that the Firm failed to establish systems and procedures adequate to supervise the sales of such UITs and floating rate funds. Without admitting or denying the allegations, CISC consented to the entry of FINRA's findings, paid a monetary fine of \$1.7 million and agreed to compensate customers that suffered losses as a result of the alleged supervisory failures.

- 6) In November 2012, the SEC filed a complaint against JPMS and several of its affiliates in the District Court for the District of Columbia. The complaint related primarily to Bear Stearns' alleged failure to disclose information regarding settlements entered into by a Bear Stearns affiliate with originators of loans that had been securitized into residential mortgage-backed securities ("RMBS") trusts beginning in or about 2005. The complaint also alleged that JPMS, in connection with an RMBS offering by a J.P. Morgan affiliate in 2006, failed to include in the RMBS prospectus supplement's delinquency disclosures approximately 620 loans that the SEC asserted were more than 30 days delinquent at the cut-off date for the offering. Based on the alleged misconduct described above, the complaint alleged that the defendants violated Sections 17(a)(2) and (3) of the Securities Act of 1933. In settlement of the action, the defendants submitted an executed Consent agreeing to the entry of judgment, without admitting or denying allegations made in the proceeding (other than those relating to the jurisdiction of the District Court over it and the subject matter). In January 2013, the District Court entered a judgment against the defendants that enjoined them from violating, directly or indirectly, Sections 17(a)(2) and (3) of the Securities Act. Additionally, the judgment required the defendants to pay disgorgement in the amount of \$177,700,000, prejudgment interest in the amount of \$38,865,536, and a civil monetary penalty of \$84,350,000.

- 7) On December 18, 2015, JPMS and JPMCB (together "Respondents") entered into a settlement with the SEC resulting in the SEC issuing an order ("Order"). The Respondents consented to the entry of the order that finds that JPMS violated Sections 206(2), 206(4), and 207 of the 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 Order finds that JPMCB negligently failed to adequately disclose (a) from February 2011 to January 2014, a preference for affiliated mutual funds in certain discretionary investment portfolios (the "Discretionary Portfolios") managed by JPMCB and offered through J.P. Morgan's U.S. Private Bank (the "U.S. Private Bank") and the Chase Private Client lines of business; (b) from 2008 to 2014, a preference for affiliated hedge funds in certain of those portfolios offered through the U.S. Private Bank; and (c) from 2008 to August 2015, a preference for retrocession-paying third-party hedge funds in certain of those portfolios offered through the U.S. Private Bank. With respect to JPMS, the Order finds that, from May 2008 to 2013, JPMS negligently failed to adequately disclose, including in documents filed with the SEC, conflicts of interest associated with its use of affiliated mutual funds in the Chase Strategic Portfolio ("CSP") program, specifically, a preference for affiliated mutual funds, the relationship between the discounted pricing of certain services provided by an affiliate and the amount of CSP assets invested in affiliated products, and that certain affiliated mutual funds offered a lower-cost share class than the share class purchased for CSP. In addition, the 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 Order, admitted to the certain facts set forth in the Order and acknowledged that certain conduct set forth in the Order violated the federal securities laws. The 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 Order requires the Respondents to pay a total of \$266,815,000 in disgorgement, interest and civil penalty.

Concurrently, on December 18, 2015, JPMCB reached a settlement agreement with the Commodity Futures Trading Commission ("CFTC") to resolve its investigation of JPMCB's disclosure of certain conflicts of interest to discretionary account clients of J.P. Morgan Private Bank's U.S.-based wealth management business. In connection with the settlement, the CFTC issued an order ("CFTC Order") finding that JPMCB violated Section 40(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 J.P. Morgan 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 an affiliate in a related and concurrent settlement with the SEC. For a copy of the Order, please go to <https://www.sec.gov/litigation/admin/2015/33-9992.pdf>.

- 8) On or about July 28, 2016, JPMS and JPMCB 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 Chase Strategic Portfolio (“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.
- 9) In October 2018, JPMS submitted an AWC to FINRA pursuant to which JPMS was censured and required to certify in writing to FINRA that it had engaged in a risk-based review of Chase Wealth Management (“CWM”) client-facing third-party vendors, that it had corrected any issues detected, and that JPMS had established and implemented systems and policies and procedures (written or otherwise) reasonably designed to achieve compliance with applicable FINRA and NASD rules. JPMS had discovered and self-reported to FINRA that a vendor responsible for the automated realignment of portfolio assets (“rebalancing”) and the calculation of fees was not rebalancing certain accounts due to technology upgrades by the vendor. Similarly, the vendor had converted to a new billing platform that caused billing errors that went undetected. JPMS paid total restitution of \$4,620,140 to impacted customers and provided substantial assistance to FINRA by proactively undertaking an extensive lookback concerning its complex and systemic failures and reporting related findings on an ongoing basis. Without admitting or denying the findings, JPMS consented to the sanctions and to the entry of findings that it failed to establish and maintain a system and procedures reasonably designed to monitor and evaluate the performance of the vendor that handled certain functions on behalf of the Firm.
- 10) On January 9, 2020, JPMS entered into a settlement with the SEC resulting in the SEC issuing an administrative order (the “2020 Order”). JPMS consented to the entry of the 2020 Order, which found that JPMS violated Section 17(a)(2) and 17(a)(3) of the Securities Act of 1933. The 2020 Order found that JPMS negligently

omitted to state from at least January 2010 through December 2015 that (a) it received greater compensation from eligible customers’ purchases of more expensive mutual fund share classes, resulting in eligible customers not having sufficient information to understand that JPMS had a conflict of interest from sales of the more expensive share classes; and (b) the purchase of the more expensive share classes, when the customers were otherwise eligible for less expensive share classes, would negatively impact the overall return on the eligible customers’ investments, in light of the different fee structures for the different fund share classes. The 2020 Order also found that JPMS did not have adequate systems and controls in place to determine whether eligible customers were eligible to purchase the less expensive share classes. Solely for the purpose of settling this proceeding, JPMS consented to the 2020 Order, without admitting or denying the findings set forth in the 2020 Order. The 2020 Order censured JPMS and directed JPMS to cease-and-desist from committing or causing any violations and any future violations of Securities Act Sections 17(a)(2) and 17(a)(3). Additionally, the 2020 Order required JPMS to pay a total of \$1,822,438 in disgorgement, pre-judgment interest, and civil penalty.

- 11) On March 9, 2020, JPMS entered into an agreed order (the “March 2020 Order”) with the Kentucky Department of Financial Institutions (“KDFI”). JPMS consented to the entry of the March 2020 Order that alleged that JPMS failed to disclose conflicts of interest arising from preferences for J.P. Morgan Funds, in violation of KRS 292.320 and 808 KAR 10:450§2(8)(c) and (11)(a). Specifically, the March 2020 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 J.P. Morgan Funds, (ii) there was an economic incentive to invest CSP assets in J.P. Morgan 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 J.P. Morgan Fund share classes. Solely for the purpose of settling these proceedings, JPMS consented to the March 2020 Order, with no admissions as to liability. JPMS agreed to pay a total of \$325,000 to resolve the KDFI investigation.
- 12) In September 2020, J.P. Morgan agreed to an administrative resolution with the CFTC for violations of the CEA and CFTC regulations related to manipulation, attempted manipulation and spoofing, as well as a charge against JPMS for failure to supervise. As described in the CFTC’s Order, from at least 2008 through 2016, former J.P. Morgan traders placed hundreds of thousands of spoof orders of precious metals futures and U.S. treasuries (“UST”) futures on exchanges, and, on occasion, engaged in manipulation related to precious metals barrier options. The CFTC Order further states that JPMS failed to identify, adequately investigate, and put a stop to misconduct, despite red flags, including internal surveillance alerts, inquiries from CME and the CFTC, and internal allegations of misconduct. J.P. Morgan consented to the entry of the CFTC Order without admitting or denying the findings contained therein, except to the extent that admissions were made in the related resolutions, described below, with the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney’s Office for the District of Connecticut (together, “DOJ”) and the SEC. JPMS also agreed to an administrative resolution with the SEC for violations of Section 17(a)(3) of the Securities Act of 1933. Pursuant to the SEC Order, JPMS admitted to hundreds of manipulative trading events involving spoofing by certain former J.P. Morgan traders in the UST cash securities secondary market between April 2015 and January 2016. JPMC separately entered into a deferred prosecution agreement (“DPA”) with DOJ with respect to a criminal information, charging JPMC with two counts of wire fraud (the “Information”) related to the same conduct underlying the CFTC and SEC Orders. JPMS and JPMCB also agreed to certain terms and obligations of the

DPA. J.P. Morgan admitted, accepted, and acknowledged responsibility for the acts of its officers, directors, employees, and agents as described in the Information and the Statement of Facts accompanying the DPA, and that the allegations described therein are true and accurate. In resolving these three actions, J.P. Morgan agreed to pay a total of \$920,203,609 to DOJ, CFTC, and SEC, consisting of civil and criminal monetary penalties, restitution, and disgorgement. J.P. Morgan agreed to cease and desist from any further violations, and also agreed, among other things, to certain cooperation, remediation, and reporting requirements.

## **ii. Other Financial Industry Activities and Affiliations**

### **a. Broker-Dealer Registrations**

JPMS is registered with the SEC as a broker-dealer and investment adviser. Some of JPMS' management personnel and all of the Wealth Advisors in the Programs and their supervisors are registered with FINRA as registered representatives of JPMS in its capacity as a broker-dealer.

### **b. Futures/Commodities-Related Registrations**

In addition, JPMS is registered with the CFTC as a futures commission merchant and also acts as a commodity pool operator exempt from registration as such with the CFTC. Some of JPMS' management personnel, and a small number of Wealth Advisors and/or their supervisors, are registered with the CFTC as associated persons of JPMS in its capacity as a futures commission merchant.

### **c. Material Relationships With Related Persons**

JPMS has several relationships or arrangements with related persons that are material to its advisory business or to its advisory clients in the Programs. Below is a description of such relationships and some of the conflicts of interest that arise from them. JPMS has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between JPMS and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between JPMS and certain other affiliates, as more fully described below.

#### **1. Affiliated Portfolio Managers, Model Portfolio Providers, Sponsors, Distributors and Advisers of Funds**

Please refer to Item 6.iii for a discussion of the conflicts of interest raised by the inclusion of affiliated Portfolio Managers, Model Portfolio Providers and Funds in the Programs, as applicable, and how that conflict is addressed.

Portfolio Managers or JPMS can invest or recommend clients invest Program account assets in J.P. Morgan-affiliated Funds rather than unaffiliated Funds, and in certain Programs, JPMS can designate affiliated Funds as default replacements for strategies or securities removed from the Program. In addition, affiliated Funds can be selected as the vehicle for the temporary investment (i.e., "sweeping") of available cash balances.

Funds, including money market funds, pay fees and expenses, ultimately borne by clients. The sponsors and/or general partners of certain Funds are affiliated with JPMS (potentially including those in which JPMS or its affiliates have a minority and/or non-controlling interest), and JPMS and its affiliates may provide investment management and other services to, and receive compensation from or in connection with such Funds, including the receipt of an investment management fee. Please refer to Item 9.iii for more information. The affiliates of JPMS that provide such investment management services to Funds in which Program accounts assets may be invested include JPMIM and JPMPI.

Since JPMS and its affiliates will in the aggregate receive more compensation when Program accounts are invested in affiliated Funds than they would receive if the Program accounts were invested in unaffiliated Funds, JPMS has a conflict of interest.

JPMS addresses these conflicts in the following ways:

- For Programs with a discretionary third-party Portfolio Manager, except for JPMIM and JPMPI with respect to the Program accounts they manage, neither JPMS nor any of its other affiliates controls or recommends specific securities transactions for Program accounts;
- Affiliated Funds are generally subject to the same selection and review criteria as other Funds;
- Wealth Advisors responsible for providing investment advice to clients do not receive any direct financial benefit from the investment of Program assets in, or the "sweeping" of available cash balances into, affiliated Funds rather than unaffiliated Funds. Moreover, because Wealth Advisors and Portfolio Managers are typically compensated on the basis of the net market value of Program accounts, they are to that extent incentivized to recommend or select Funds they believe will increase the value of an account, regardless of whether the Funds are affiliated or unaffiliated with JPMS;
- JPMS policy generally prohibits the purchase of affiliated Funds for retirement plan accounts in the Programs (including IRAs and accounts subject to ERISA). In addition, the only "sweep" vehicle other than the Deposit Account (discussed in Item 4.ii) that is available to retirement plan accounts in the Programs is an unaffiliated money market mutual fund from which JPMS and its affiliates receive no additional compensation; and
- As a matter of policy, JPMS will not designate an affiliated Fund as the default replacement for retirement plan accounts (including IRAs and accounts subject to ERISA) invested in or according to a strategy, Model Portfolio, or Program security that has been removed from a Program; if such a Fund has been designated as the default replacement for non-retirement plan accounts, JPMS will designate a different, unaffiliated default replacement, or will not designate any default replacement, for retirement plan accounts.

For more information about such fees and expenses, clients should review the applicable prospectuses for Funds in their Program accounts.

#### **2. JPMorgan Chase & Co. and Other Affiliated Issuers of Securities**

In addition to the Funds sponsored and managed by affiliates of JPMS, other affiliates of JPMS also may issue securities through public or private distributions. JPMS' ultimate parent company, JPMC, is a publicly traded corporation the common stock of which is listed and trades on the NYSE. It is also a bank holding company registered with the Board of Governors of the Federal Reserve System (the "Federal Reserve"), subject to the supervision and regulations of the Federal Reserve, as well as certain restrictions imposed by the Bank Holding Company Act and other related regulations.

JPMS, its affiliates and other related persons could have an interest in JPMS' investment advisory clients buying (or not selling) securities that JPMC and other affiliates of JPMS (including entities in which JPMS or its affiliates have a minority and/or non-controlling interest) have issued. For example, JPMS, its affiliates and other related persons (including Wealth Advisors in the Programs who personally own or may own shares of JPMC common stock, through the issuance of shares and/or stock options to them as part of their employment compensation or otherwise) could benefit in certain respects from an increase in the securities' market price resulting from increased demand for the securities. These financial interests conflict with the interest of Program clients in buying and holding securities issued by affiliates of JPMS based solely on the furtherance of the clients' investment objectives in a Program. JPMS addresses this conflict through disclosure and in the ways described in 9.ii.c.1 above. In addition, for those Programs in which the Wealth Advisors have investment discretion over or recommend the specific securities transactions that are effected for Program accounts, JPMS' policy prohibits Wealth Advisors from effecting or soliciting purchases of equity and fixed income securities issued by JPMS' affiliates (including JPMC common stock) in Program accounts. As a result of this policy described above, Wealth Advisors will typically be unable to recommend or effect purchases of equity and fixed income securities issued by an affiliate of JPMS in Program accounts even when based solely on the

furtherance of the client's investment objective for the account. Accordingly, this policy could have a negative impact on the performance of Program accounts.

For PA and PM, if, notwithstanding JPMS' policy, an equity or fixed income security issued by an affiliate of JPMS comes to be held in a Program account (because, for example, a client transfers the security into a Program account from a non-Program account, the security was purchased in the account before it became a Program account, or the client purchased the security in the Program account on an unsolicited basis) for the first time on or after October 1, 2009, JPMS (if it consents to the security being held in the Program account) will typically treat the security as an Excluded Security as to which JPMS will not advise the client, will not sell the security on discretion, and will not charge the Fee. In such cases, JPMS' treatment of the security is communicated to the Program client. Please refer to Item 4 above for a general discussion of Excluded Securities.

### **3. JPMorgan Chase Bank, N.A.**

JPMCB is a national banking association affiliated with JPMS and is subject to supervision and regulation by the U.S. Department of Treasury's Office of the Comptroller of the Currency. JPMCB provides investment management, trustee, custody, and other services to institutional and non-institutional clients. Please refer to Item 4 for additional conflicts of interest and other information relating to the sweep Deposit Account.

All (or substantially all) Wealth Advisors are employees of JPMCB. In their capacities as employees of JPMCB and outside of the Programs, Wealth Advisors may market and sell products and services of JPMCB to clients and be compensated in connection with such sales.

### **4. Revenue Sharing Arrangements with Affiliates**

In addition, JPMS is party to certain revenue sharing arrangements pursuant to which it may receive compensation from certain affiliates in connection with referrals or introductions of investors by registered representatives in JPMS (including Wealth Advisors in the Programs) to the affiliates for the provision by the affiliates of products and services to the investors. The investors referred to affiliates may be existing investment advisory clients of JPMS. When JPMS makes such a referral of one of its existing investment advisory clients to an affiliate, the revenue sharing arrangement creates a conflict of interest with the client because:

- JPMS has a financial incentive to make the referral because it will be entitled to compensation from the affiliate if the referred client becomes a client or customer of the affiliate;
- JPMS does not necessarily base such referrals on any review or due diligence of the affiliate or its personnel, products or services;
- JPMS does not necessarily conduct an assessment of the suitability of the affiliate's products or services for referred clients; and
- It may not be in the referred client's best interest to become a client or customer of the affiliate.

JPMS believes that this conflict is addressed in the following ways:

- Typically, the referred client is not charged more for the product or service provided by the affiliate by virtue of the fact that the affiliate will compensate JPMS for the referral; and
- Clients referred to affiliates by JPMS have no obligation to become clients or customers of those affiliates and their declining to do business with the affiliate to which they were referred will not affect their relationship with JPMS.

### **5. J.P. Morgan Acting in Multiple 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 client accounts invest or may invest. J.P. Morgan is typically entitled to compensation in connection with these activities and clients will not be

entitled to any such compensation. In providing services and products to clients other than JPMS' clients, J.P. Morgan, from time to time, faces conflicts of interest with respect to activities recommended to or performed for JPMS' 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. 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. 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 client account or its investments. It should be recognized that such relationships can preclude clients from engaging in certain transactions and can also restrict investment opportunities that may be otherwise available to clients. J.P. Morgan reserves the right to act for these companies that may be otherwise available to clients, and providing such services to 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 are associated with the financial or other interests that JPMS and J.P. Morgan have in transactions effected by, with or on behalf of its clients. In addition to the specific mitigants described further below, JPMS has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, many of the activities that create these conflicts of interest are limited and/or prohibited by law, unless an exception is available.

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

Additionally, from time to time, directors, officers and employees of JPMC serve on the board of directors or hold another senior position with a corporation, investment fund manager or other institution which may desire to sell an investment to, acquire an investment from or otherwise engage in a transaction with, clients. The presence of such persons in such circumstances may require the relevant person to recuse himself or herself from participating in the transaction or cause JPMS, a corporation, investment fund manager or other institution 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 clients and the ability of such clients to engage in transactions or retain certain investments or assets will be limited.

### **d. Recommendation or Selection Of Other Investment Advisers**

Certain Portfolio Managers, Model Portfolio Providers and/or Program securities that JPMS may identify for clients in the Programs have business relationships outside of the Program with JPMS and/or its affiliates, including relationships in which JPMS and/or its affiliates provide one of them with trading, lending, prime brokerage and/or custody services for compensation. As a result of these relationships, JPMS has a conflict of interest in including those Portfolio Managers, Model Portfolio Providers and/or Program securities in the applicable Program and recommending them to clients because JPMS may have a financial incentive to favor them.

JPMS believes that this conflict is addressed by the fact that neither the persons responsible for the initial and periodic review of the Portfolio Managers, Model Portfolio Providers and/or Program securities (and

therefore, for deciding to include them in a Program, initially and on an ongoing basis), nor the Wealth Advisors who identify specific Portfolio Managers, Model Portfolio Providers and/or Program securities to particular clients, receive any direct financial benefit (such as additional compensation) from the investment of Program assets with certain Portfolio Managers, Model Portfolio Providers and/or Program securities instead of others. Moreover, because Wealth Advisors are typically compensated in a Program through the receipt of a portion of JPMS' component of the Fee, which is typically tied to the value of Program accounts, Wealth Advisors are to that extent incentivized to identify Portfolio Managers, Model Portfolio Providers and/or Program securities they believe will increase the value of the account, regardless of whether or not the Portfolio Managers, Model Portfolio Providers and/or Program securities have other business relationships with JPMS and/or its affiliates.

In addition, separate from any Program, JPMS acts as a solicitor (sometimes also called a "finder" or "referrer") of prospective clients for certain other investment advisers, which may include one or more advisers acting as Portfolio Managers in a Program. Under its solicitation agreements with those advisers, JPMS is entitled to a specified portion of the advisory fees received by the advisers from the investors that were referred to them by JPMS. The clients JPMS refers may be existing investment advisory clients of JPMS. When JPMS makes a referral of one of its existing investment advisory clients to another adviser under a solicitation arrangement, the arrangement creates a material conflict of interest with the client because:

- JPMS has a financial incentive to make the referral because it will be entitled to compensation from the other adviser if the referred client becomes a client of the other adviser;
- JPMS does not base such referrals on any review, due diligence or assessment of the other advisers, their personnel, investment strategies or services;
- JPMS does not conduct an assessment of the suitability of the other advisers' services for referred clients; and
- It may not be in the referred client's best interest to become a client of the other adviser.

JPMS addresses this conflict in the following ways:

- The other advisers' payments of solicitation fees to JPMS are typically subject to certain legal requirements and conditions, including the delivery by JPMS to the referred client, at the time of the referral, of a written document that discloses, among other things, the relationship between JPMS and the other adviser, the fact that JPMS will be compensated for the referral, the terms of the compensation arrangement, and the amount (if any) in addition to the advisory fee that the referred client will be charged by the other adviser for the cost of obtaining the client's business; and
- Clients referred to other advisers by JPMS have no obligation to become clients of those advisers, and their declining to do business with the adviser to which they were referred will not affect their relationship with JPMS.

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

#### a. Code of Ethics

JPMS has adopted an Investment Adviser Code of Ethics (the "Code of Ethics") in accordance with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to those JPMS personnel engaged in offering and/or providing investment advisory services to clients, i.e., supervised persons.

The Code of Ethics is designed to ensure that JPMS and its supervised persons comply with applicable federal securities laws and describes the general standards of business conduct applicable to Wealth Advisors and the fiduciary obligations of JPMS and its supervised persons with respect to investment advisory clients in the Programs. More specifically, the Code of

Ethics contains policies and procedures relating to: the maintenance of personal securities accounts; the reporting to JPMS compliance personnel of certain personal securities holdings and transactions; the additional restrictions and holding periods on personal securities transactions applicable to certain JPMS' Wealth Advisors; trading by Wealth Advisors while in possession of material non-public information; JPMS' administration and enforcement of the Code of Ethics; and the keeping of certain records relating to the Code of Ethics.

All supervised persons of JPMS must certify to receipt of the Code of Ethics. JPMS will provide a copy of the Code of Ethics free of charge to any client or prospective client upon request.

#### b. Securities in which JPMS or a Related Person Has a Material Financial Interest

In some cases, JPMS or a related person recommends to investment advisory clients, or buys or sells for investment advisory client accounts (including accounts in PA and PM), securities in which JPMS or a related person has a material financial interest. For Horizon and UMA, JPMS can recommend to clients Program securities in which JPMS or a related person has a material financial interest.

For all other Programs, JPMS does not recommend specific securities or securities transactions to clients; the Portfolio Managers make all investment decisions in their sole discretion. However, JPMS' affiliates are Portfolio Managers in certain Programs that make the investment decisions for the accounts that have selected one or more of their respective strategies. JPMS' affiliates may also act as Model Portfolio Providers that provide nondiscretionary advice for the accounts that have selected one or more of their respective Model Portfolios.

In certain cases, JPMS or a related person, acting as broker or dealer, may effect transactions for, or engage in transactions with, Program accounts in securities in which JPMS or a related person has a material financial interest.

#### 1. Principal and "Agency Cross" Transactions

Certain securities, such as over-the-counter stocks and fixed income securities, are traded primarily in "dealer" markets. In such markets, securities are purchased directly from, or sold directly to, a financial institution acting as a dealer, or "principal." Dealers executing principal trades typically include a "mark-up" (an increase in the price paid to the dealer when the dealer is selling a security), "mark-down" (a decrease in the price paid by the dealer when the dealer is buying a security) and/or "dealer spread" (the difference between the bid price and offer price for a security) in the net price at which the transactions are executed.

When acting as principal in connection with transactions in Program accounts, JPMS and its affiliates may charge the Program client a "dealer spread," which will be incorporated into the net price paid (for purchases) or received (for sales) by the client in the transaction. Dealer spreads paid by the client and received by JPMS and its affiliates are not covered by, and are in addition to the Fee. Therefore, because by acting in a principal capacity JPMS and its affiliates may earn additional amounts at the expense of the client, JPMS and its affiliates have a financial interest in acting in such capacity in connection with transactions in Program accounts that conflicts with the client's interest in avoiding the payment of dealer spreads. JPMS addresses this conflict in several ways, including:

- As a matter of policy, JPMS generally prohibits the effecting of transactions for Program clients where JPMS or any of its affiliates will act as principal. In certain circumstances, exceptions may be permitted, typically for non-retirement plan accounts only; or in case of PA and PM when the proposed transaction cannot readily be effected on an agency basis, the Wealth Advisor has determined that the transaction is in the best interests of the client, and all legal disclosure and consent requirements are satisfied;
- In addition, for JPMS or any of its affiliates knowingly to act as principal in connection with a transaction for a Program account



managed by a Portfolio Manager, the law generally requires that before the completion of each such transaction, JPMS must disclose to the client in writing that it or its affiliate will be acting in a principal capacity and obtain the client's consent to the transaction;

- While JPMS and its affiliates may receive a dealer spread in the net price when acting as principal in connection with a transaction for a client in the Program, they will not receive commissions, "mark-ups" or "mark-downs"; and
- JPMS typically prohibits principal transactions for retirement plan accounts in the Programs (including IRAs and accounts subject to ERISA) under any circumstances where JPMS or any of its affiliates will act as principal.

When acting as agent for both the client in the Program and the party on the other side of the transaction (known as an "agency cross transaction"), JPMS and its affiliates may receive compensation from both parties and therefore may have a conflicting division of loyalties and responsibilities. To address this conflict:

- As a matter of policy, when practicable and consistent with best execution obligations, JPMS generally prohibits the effecting of transactions for Program clients where JPMS or its affiliate acts as agent for the other side of the transaction. In certain circumstances exceptions may be permitted, typically for non-retirement plan accounts only;
- For JPMS or any of its affiliates knowingly to effect a transaction for a Program account managed by JPMIM or JPMPI where JPMS or its affiliate acts as agent for the other side of the transaction, the law generally requires that JPMS satisfy certain conditions, including the client's prospective written authorization of such agency cross transactions, the right of the client to revoke such authorization at any time in writing, and the provision of certain written disclosure to the client; and
- JPMS also typically prohibits agency cross transactions for retirement plan accounts in the Program (including IRAs and accounts subject to ERISA) under any circumstances.

The restrictions on the ability of JPMS and its affiliates to effect principal and agency cross trades for Program accounts mean that JPMS will typically execute transactions in "dealer market" securities solely as agent for the client, with a dealer unaffiliated with JPMS on the other side of the transaction. Clients should understand that the restrictions may result in the accounts being precluded from investing in certain securities or in the accounts paying or receiving a less favorable price for certain securities. Generally, the likelihood that there will be such an effect will depend on the particular security in question and the nature of the market for that security. These restrictions could have a negative effect on the performance of Program accounts.

In PA, for FINRA reporting purposes, JPMS maintains a "house" or facilitation account (the "Facilitation Account") through which client trades in structured products are routed prior to allocation into or out of a client's Program account. The Facilitation Account doesn't hold any proprietary positions of JPMS or its affiliates. When a client instructs JPMS to purchase or sell a structured product in the client's Program account, the structured product will be sent to the Facilitation Account, and then either be settled into the client's Program account (for buys) or sent to the purchasing dealer (for sells). JPMS does not impose a mark-up, mark-down or any other additional fee or charges on such transactions; the price at which JPMS buys or sells the structured product on behalf of a client is the price that such client will pay or receive. In connection with the offering of any structured product, an affiliate of JPMS may provide services to the sponsor of the structured product and will receive fees for their services.

## 2. Affiliated Sponsors and Advisers of Funds

JPMS and Portfolio Managers may recommend that Program clients invest or invest account assets in Funds that have various internal fees and expenses, which are paid by the Funds but which are ultimately borne by the client as investor. The sponsors and/or general partners of certain such Funds are affiliated with JPMS (including those in which JPMS or its affiliates have a minority and/or non-controlling interest), and JPMS and its affiliates may provide investment management and other services to, and receive compensation from or in connection with, such Funds. In addition, in certain Programs, JPMS may designate such J.P. Morgan-affiliated Funds as default replacements for strategies, Models Portfolios or Program securities removed from the Program.

A client's investment of assets in affiliated Funds or selection of an affiliated Fund as the vehicle for the temporary investment (i.e., sweeping) of available cash balances benefits those Funds and their affiliated sponsors and/or general partners. In addition, several affiliates of JPMS manage affiliated Funds and receive an investment management fee for doing so. Although the management fee is paid by the Fund itself, ultimately it is borne by investors in the Fund. For additional information on the investment of client assets in affiliated Funds or investment vehicles, please refer to Item 9.ii.c above.

## 3. Other Compensation from Affiliated and Unaffiliated Mutual Funds and Other Pooled Investment Vehicles

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 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 Program). Clients should be aware that the share class of a fund available through a Program 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 Program. Clients should contact their Wealth 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 its advisory clients.
- **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, 2020, 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 typically pay any Servicing Fee. The Portfolio Managers or Wealth Advisors 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 Portfolio Managers or Wealth Advisors 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, the Program, clients should consider the Servicing Fees that JPMS receives in addition to the investment advisory fee. 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 a Program, 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 certain 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 the Programs outside of the Programs, as well as outside the Firm.

For PA and PM, certain affiliated and unaffiliated funds in which Wealth Advisors invest or recommend to clients for the investment of Program account assets may execute transactions for their portfolios through JPMS or an affiliate as broker-dealer, and JPMS or an affiliate or other related person (including Wealth Advisors acting in their capacity as investment advisory representatives of JPMS as broker-dealer) may receive compensation from the funds in connection with these transactions. Such compensation presents a conflict of interest between JPMS and Program clients because JPMS and/or Wealth Advisors may have a financial incentive to invest or recommend that Program clients invest Program 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. Assuming that a Program client's Wealth Advisor is aware of which funds execute through JPMS or an affiliate or other related person and which do not, JPMS believes that this conflict is addressed in the following ways:
  - Unless the Wealth Advisor is individually involved in the execution of portfolio transactions for a fund, he or she does not receive any direct financial benefit (such as additional compensation) from the investment of Program assets in funds that execute transactions through JPMS or an affiliate or other related person rather than funds that do not. Moreover, because Wealth Advisors are compensated in the Program through the receipt of a portion of the Fee which is typically tied to the value of Program accounts, Wealth Advisors are to that

extent incentivized to invest Program account assets in funds or recommend funds they believe will increase the value of the account, regardless of whether or not the funds execute transactions through JPMS or an affiliate or other related person; and

- Wealth Advisors' advising or management of Program accounts is subject to supervision designed to ensure that the accounts are advised or managed in accordance with clients' investment objectives for the accounts and that Wealth Advisors are acting in accordance with their fiduciary duty to place the interests of Program clients before their own and those of JPMS.

#### 4. Other Securities Issued by JPMS and Its Affiliates

Please refer to the section titled "JPMorgan Chase & Co. and Other Affiliated Issuers of Securities" in Item 9.ii.c above for information on other securities issued by JPMS and its affiliates.

#### 5. Client Participation in Offerings where JPMS and its Affiliates act as Underwriter or Placement Agent

In addition to the Funds sponsored and managed by affiliates of JPMS, JPMS, and its other affiliates also may act as a manager, co-manager, underwriter or placement agent for securities offered through public or private distributions. For C-BoS, if permitted by a client's investment objectives, and subject to compliance with applicable law, regulations and exemptions, the Portfolio Manager may purchase securities for client accounts, including new issues, during an underwriting or other offering of such securities in which JPMS or its affiliates act as a manager, co-manager, underwriter or placement agent and for which JPMS or its affiliates receives a benefit in the form of management, underwriting or other fees. JPMS and its affiliates also act in other capacities in such offerings and may receive fees, compensation or other benefit for such services.

JPMS and its affiliates and other related persons could have an interest in the Portfolio Manager buying (or not selling) securities in Program accounts that JPMS or its affiliates have issued. These financial interests conflict with the interest of Program clients in buying and holding securities based solely on the furtherance of the clients' investment objectives in the Program. JPMS addresses this conflict in the following ways:

- Because the Portfolio Manager is typically compensated on the basis of the net market value of Program accounts, the Portfolio Manager is to that extent incentivized to exercise their discretion to select investments it believes will increase the value of the account, regardless of whether JPMS, the Portfolio Manager or its affiliates are acting as a manager, co-manager, underwriter or other fees; and
- When JPMS, the Portfolio Manager or its affiliates is the sole underwriter of an initial or secondary offering, the Portfolio Manager is the sole underwriter of an initial or secondary offering, the Portfolio Manager cannot purchase securities in the offering for its clients.

As discussed in Item 6.vi, SPAC securities have unique additional risks that clients should consider before investing. In particular, in a SPAC structure, the SPAC's ability to successfully effect a business combination and to be successful thereafter will be particularly dependent, in whole or in part, upon the efforts of the SPAC's key personnel. Although JPMS (or its affiliates) will not receive any special compensation (other than customary underwriting compensation) in connection with a SPAC IPO, JPMS may potentially provide other services and products to the SPAC and/or the SPAC's key personnel, which may enhance JPMS' relationships with such parties, and enable J.P. Morgan to obtain additional business and generate additional revenue from such parties.

#### c. When JPMS or a Related Person Invests in the Same Securities That it Recommends to or Buys/Sells for Clients

For Programs with a discretionary Portfolio Manager, except for PM, JPMS does not recommend specific securities or securities transactions to clients; the Portfolio Managers make all investment decisions in their sole

discretion. However, JPMS' affiliates JPMIM and JPMPi are Portfolio Managers in certain Programs that make the investment decisions for the accounts that have selected one or more of their respective strategies.

In certain Programs, JPMS and its related persons (including Wealth Advisors) may recommend that clients buy or sell securities or may buy or sell securities for clients (including clients in a Program), that it or a related person buys or sells for itself.

In some cases, JPMS or a related person, acting as broker or dealer, may effect transactions for Program accounts in the same securities that it or a related person invests in. In addition, JPMS and its related persons (including the Portfolio Manager(s)), can buy or sell securities for Program accounts, or recommend that clients buy or sell securities, or include as Program securities in certain Programs, or, in certain Programs, designates as default replacements for Model Portfolios, Program securities or Portfolio Manager strategies removed from the Program, that JPMS, or a related person invests in.

In such circumstances, the interests of JPMS and its related persons conflict with those of Program clients in several respects:

- JPMS or a related person may benefit from (1) clients buying securities that JPMS or the related person then sells or (2) clients selling securities that JPMS or the related person then buys, because client purchases may increase the market price of a security JPMS or the related person owns or borrows and then sells, and client sales may reduce the market price of a security JPMS or the related person then buys.
- JPMS or a related person may benefit from (1) buying securities that clients will later buy (because the subsequent client purchases may increase the market price of the security JPMS or the related person already bought and owns) or (2) selling securities that clients will later sell (because subsequent client sales may decrease the market price of the security JPMS or the related person already sold).
- JPMS or a related person may benefit from principal transactions in which it sells a security directly from its own account to a client account or buys a security into its own account directly from a client account.

JPMS addresses these conflicts in the following ways:

- For Programs with a discretionary Portfolio Manager, except for JPMIM and JPMPi with respect to the Program accounts they manage, neither JPMS nor other related persons (including the Wealth Advisors) controls or recommends specific securities transactions for Program accounts;
- The maintenance of policies (including in the Code of Ethics) prohibiting JPMS employees from engaging in conduct intended to manipulate the price of securities and procedures designed to prevent and/or detect such conduct;
- The maintenance of information barrier procedures designed to control the flow of information between JPMS' and its affiliates' proprietary trading operations and other business units, including JPMS; and
- The policy and legal restrictions on principal transactions with Program accounts described in Item 9.iii.b above.

#### **The following are for PA and PM:**

- The general prohibition in the Code of Ethics on the personal trading by any Wealth Advisors in the Programs on the opposite side of the market in any security that was traded for any of the Wealth Advisor's client accounts in PA or PM three (3) trading days before and three (3) trading days after the trade in the client's account;
- Supervision of Wealth Advisors' handling or management of Program accounts designed to ensure that the accounts are advised or managed in accordance with clients' investment objectives for the

accounts and that Wealth Advisors are acting in accordance with their fiduciary duty to place the interests of Program clients before their own and those of JPMS;

- The imposition of trading restrictions with respect to certain time periods and/or lists of issuers that are designed to prevent investment personnel (including Wealth Advisors) from unfairly benefiting from unreleased research reports and recommendations; and
- The requirement in the Code of Ethics that Wealth Advisors in the Program periodically report personal securities holdings and transactions to JPMS compliance personnel.

Clients should understand that Wealth Advisors typically are not required, except as described in Item 6.vi. above, to follow or otherwise consider or adhere to research reports, analyses and opinions published or otherwise communicated by other employees of JPMS or its affiliates, including J.P. Morgan investment committees, due diligence personnel, research analysts, economists and market strategists, and the advice of Wealth Advisors to clients in the Program or the Wealth Advisor's management of Program accounts may differ from (and be diametrically opposed to) the content of such reports, analyses and opinions.

#### **d. *When JPMS or a Related Person Buys/Sells Securities for Itself at or About the Same Time It Recommends or Buys/Sells the Same Securities to/for Clients***

For PA and Horizon (i.e., Programs without a discretionary Portfolio Manager), JPMS or a related person may recommend to investment advisory clients, or buy or sell for PM client accounts, securities in which JPMS or a related person has a material financial interest. For the other Programs, JPMS does not recommend specific securities or securities transactions to clients; the Portfolio Managers make all investment decisions in their sole discretion. However, JPMS' affiliates JPMIM and JPMPi are Portfolio Managers in certain Programs that make the investment decisions for the accounts that have selected one or more of their respective strategies.

In some cases, however, JPMS or a related person, acting as broker or dealer, may effect transactions for Program accounts at or about the same time that it or a related person buys or sells the same securities for its (or a related person's) own account. In addition, Portfolio Managers may buy or sell or recommend that clients buy or sell or identify for clients securities for Program accounts or designate as a default replacement for Model Portfolios, Portfolio Manager strategies and Program securities removed from a Program at or about the same time that JPMS or a related person (including the Portfolio Managers) buys or sells the same securities for its (or a related person's) own account.

In such circumstances, the interests of JPMS and its related persons conflict with those of JPMS' clients in all of the respects described in the preceding section, each of which typically involves not only trading in the same securities that clients do, but also trading in them at or about the same time that clients do. Please refer to Item 9.iii.c above for a description of those conflicts and how they are addressed.

Portfolio Managers and/or JPMS may, but are not required to, aggregate orders for the sale or purchase of a security for a client's account with orders for the same security for other clients, including orders for Portfolio Managers or JPMS' or their affiliates' employees and related persons. Aggregated orders will generally be filled at an average price, with a pro rata share of transaction costs (if applicable). A client order that is not aggregated with one or more other client orders may be executed at a less favorable price and incur greater transaction costs than an aggregated order. JPMS generally will not aggregate orders of client accounts in PM managed by different Wealth Advisors or of client accounts in PA advised by different Wealth Advisors.

In PA and PM, however, the aggregation of different clients' orders also may be to the detriment of a particular client. The execution of aggregated orders may be subject to delay for certain reasons. Accordingly, the

aggregation of the client's order with other client orders may cause the client's order to be executed later, and at a different price, than it would have been had the client's order not been aggregated with other client orders.

In addition, a Portfolio Manager whose strategy is available to clients in both STRATIS or UMA and another Program sponsored by JPMS – such as STRATIS or ICS or UMA – may not aggregate orders for the sale or purchase of a security for clients in both Programs; therefore, clients in STRATIS or UMA with assets invested according to such a strategy may receive execution of the order at a different time and price than JPMS clients invested according to the same strategy in the other Program.

JPMS may have a conflict of interest in connection with the aggregation of orders by multiple Program clients for the purchase or sale of the same security. On occasion, an aggregated order will not be fully executed, or “filled.” A partial “fill” of an aggregated order must be allocated among the affected clients' accounts. When the affected accounts include a proprietary or personal account for the Portfolio Manager or JPMS or any of their affiliates or other related persons (including Wealth Advisors), or an account that JPMS or its affiliates may have some other reason to favor (because it typically pays JPMS more compensation, for example), the Portfolio Manager or JPMS may have an interest in allocating more shares or units from the partial “fill” to such an account, leaving fewer shares or units for the accounts of other affected clients. JPMS addresses this conflict by processes designed to ensure that the allocation of a partially filled order is fair and equitable in accordance with applicable law. Factors that may affect allocations include, for example, available cash in each account, the size of each account and order, client-imposed or other restrictions on investments in each account, and the desirability of avoiding odd lots. Providing a comparatively favorable allocation to a proprietary or personal account of JPMS or its affiliates or other related persons, however, would not constitute a fair and equitable allocation. For more information about the Portfolio Manager's aggregation and allocation policies, please refer to its Form ADV Part 2A Brochure or other applicable disclosure document(s).

**e. Conflicts of Interest Related to 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 JPMS, or any of its affiliates 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. JPMS 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, Wealth Advisors and Portfolio Managers that may purchase or recommend securities, separately managed accounts and/or 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, 2020, both Vanguard and BlackRock hold more than a 5% interest in J.P. Morgan.

**f. J.P. Morgan's Use of Index Products**

JPMS or one of its affiliates develop or own and operate stock market and other indexes based on investment and trading strategies developed by JPMS or its affiliates or assist unaffiliated entities in creating indexes that are tracked by certain ETFs utilized by JPMS or an affiliate. Some of the ETFs for which an affiliate of JPMS acts as investment adviser (the “JPM ETFs”) seek to track the performance of these indexes. JPMS and its affiliates, from time to time, manage client accounts that invest in these JPM ETFs. In addition, JPMS and its affiliates manage client accounts which track the same indexes used by the JPM ETFs or which are based on the same, or substantially similar, strategies that are used in the operation of

the indexes and the JPM ETFs. The operation of the indexes, the JPM ETFs and client accounts in this manner give rise to potential conflicts of interest. For example, client accounts that track the same indexes used by the JPM ETFs may engage in purchases and sales of securities relating to index changes prior to the implementation of index updates or the time as of which the JPM ETFs engage in similar transactions because the client accounts may be managed and rebalanced on an ongoing basis, whereas the JPM ETFs' portfolios are only rebalanced on a periodic basis corresponding with the rebalancing of an index. These differences can result in the client accounts having more favorable performance relative to that of the index and the JPM ETFs or other client accounts that track the index. Other conflicts include the potential for unauthorized access to index information, allowing index changes that benefit JPMS or other client accounts and not the investors in the JPM ETFs. JPMS and its affiliates have established certain information barriers and other policies to address the sharing of information between different businesses within JPMS and its affiliates, including with respect to personnel responsible for maintaining the indexes and those involved in decision-making for the JPM ETFs. In addition, as described above, JPMS has adopted a code of ethics.

**g. Other Compensation from ETFs**

Certain ETFs in which account assets are invested in execute transactions for their portfolios through JPMS or an affiliate as broker-dealer, and JPMS or an affiliate receives traditional brokerage compensation and fees from the ETFs in connection with these transactions. Such compensation presents a conflict of interest between JPMS and clients because JPMS has a financial incentive to invest Program account assets in such ETFs: (1) in the hope or expectation that increasing the amount of assets invested with the ETFs will increase the number and/or size of transactions placed by the ETFs 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 ETFs and thereby preserve and foster valuable brokerage relationships with the ETFs.

**iv. Review of Accounts**

**a. Nature and Frequency of Program Account Reviews**

Each client is responsible for monitoring their Program account(s). The actual allocation of assets may change over time due to fluctuations in the market value of the assets and/or additions to or withdrawals by the client. In addition, clients are responsible for determining whether a change in the client's circumstances may warrant a change to their selected Program, Portfolio Manager and/or strategy.

At account opening, the client's Wealth Advisor determines that the Program account and the investment strategy are suitable investments for the client, based on the information provided by a client. Clients have ongoing reasonable access, during normal business hours, to their Wealth Advisor who is available for consultation regarding the client's account(s). Wealth Advisors are an essential component to the Programs and provide clients with nondiscretionary and/or discretionary investment advisory services and account maintenance support.

Since most discretionary accounts invested in a strategy of an unaffiliated and/or affiliated third-party Portfolio Manager in STRATIS, UMA, ICS, JPMCAP and C-BoS are managed by the Portfolio Manager in a similar manner, JPMS typically does not review individual trades or individual accounts in such Programs. Rather, the designated Portfolio Manager performs the ongoing review of the client accounts in their strategy or strategies. Please see the applicable Portfolio Manager's Form ADV Part 2A for more information. In Horizon, Wealth Advisors review client accounts in the Program on an ongoing and periodic basis to determine whether the account is in line with the Program guidelines.

The information in this Brochure does not include all of the specific review features associated with each Program or those applicable to particular

client accounts. Clients are urged to ask questions regarding JPMS' review process applicable to a particular Program or investment product.

## PA and PM

JPMS reviews client accounts in PA and PM on an ongoing and periodic basis.

Each Wealth Advisor is responsible for reviewing the Program account(s) they manage in PM and/or advise in PA on an ongoing basis. Responsibility for the supervision of activity in PA and PM accounts lies with the head of the JPMS business and each Wealth Advisor's Regional Director. Certain aspects of the day-to-day supervision of the Wealth Advisors is delegated by the head of the JPMS business (on behalf of the head of the JPMS business and Regional Directors) to one or more JPMS supervisory manager(s) under the Global Head of Wealth Management Supervision. Ongoing supervisory reviews of PA and PM accounts by JPMS typically include reviewing the Program accounts and the transactions effected in them, Program accounts holding a significant amount of assets in cash, money market mutual funds and other short-term securities, Program accounts presenting a certain risk level, unsolicited trades in Program accounts, Program accounts with little or no trading activity, Program accounts holding a small number of securities, Program accounts with excess and extended deviation from the target asset allocation, and Program accounts that have not recently been the subject of a portfolio review by the Wealth Advisor and the client. For PM, Program accounts are also typically reviewed for adherence to certain internal investment parameters.

Certain Program accounts may also be reviewed by appropriate personnel on other than an ongoing or periodic basis. Among the factors that might trigger such a review are changes in market conditions, securities positions and/or the client's investment objective or risk tolerance; a request by the client for a meeting or the occurrence of such meeting; client complaints; concerns expressed by a Wealth Advisor's manager(s), a member of JPMS management or Compliance; and/or the application of internal policies of JPMS.

### b. Reports to Program Clients

Program clients will receive trade confirmations of all transactions executed through JPMS or its affiliates for a Program account, unless they elect to receive a periodic statement of all transactions executed through JPMS for Program accounts in lieu of separate transaction confirmations, and for applicable Programs, to have a copy of the confirmations instead sent to their selected Portfolio Manager. (Notwithstanding such an election by a client, JPMS may in its discretion choose to provide the client with separate written confirmations of some or all of the transactions in the account.) . Clients who make this election will not pay a different Fee based upon this election, can rescind this election at any time upon written notice to JPMS, and can later choose to receive from JPMS, at no additional cost, trade confirmations for any prior trades effected during the period in which the client previously elected not to receive separate trade confirmations. Each client receives written account statements on at least a quarterly basis that show all transactions in the account, all contributions to and withdrawals from the account, and all fees and expenses charged to the account. The option to suppress trade confirmations is NOT available for account(s) in PA or Horizon.

Additionally, Program clients typically receive periodic performance reviews summarizing the investment performance of their Program account(s), which are also included in the Fee. However, certain client accounts may not receive such performance reviews; in its discretion, JPMS may not provide a client with performance reviews for a Program account if, for example, the account's assets are not custodied by JPMS or JPMS concludes that the nature of the investment strategy used or securities held in the account makes valuation, performance measurement or performance benchmarking too difficult, infeasible or insufficiently valid or useful to the client.

Subject to JPMS' policies and procedures and applicable law, the periodic performance review typically provided to Program clients may include

information about assets in other accounts maintained by the client with JPMS as well as other assets identified to JPMS by the client. By including any such assets in the performance review, JPMS is not undertaking to provide or be responsible for providing any services with respect to those assets.

For PA, from time to time, Program clients will typically receive a summary of the asset allocation applicable to the client's Program account as part of the performance reports provided by JPMS. These summaries are intended to confirm the client's financial information and the investment objective, risk tolerance and target asset allocation for the account, as provided by the client during the account opening process. Whenever the investment objective, risk tolerance or target asset allocation for the account is subsequently modified by the client, he or she receives a Program communication from JPMS that confirms any such modification. Clients should carefully review these asset allocation summaries with their Wealth Advisor(s) to ensure that they accurately represents the client's current information.

Performance reviews are not a substitute for regular monthly or quarterly account statements or Form 1099, and should not be used to calculate the Fee or to complete income tax returns. As applicable, if JPMS does not receive information about the original cost of a security from the client, the market value of the security on a date set by JPMS may be used in lieu of original cost in certain circumstances. JPMS and its affiliates are entitled to rely on the financial and other information that clients or any third party provides to JPMS. The client is solely responsible for any information that the client provides to JPMS, and JPMS shall not be liable in connection with its use of any information provided by the client or a third party in the periodic review. JPMS does not provide tax advice, and nothing in the performance review should be construed as advice concerning any tax matter.

In preparing account statements, performance reviews and/or reports for Program clients, JPMS uses various industry and non- industry standards to measure account performance and JPMS may use multiple valuation sources that provide different values for a single asset. As a result, the determination of an account's asset values may differ for different purposes and different statements, reviews and reports. Detailed calculations of a client's account asset values are available upon request.

***Neither JPMS nor any third party reviews the account or specific performance information to determine or verify its accuracy or compliance with presentation standards, and the information may not be calculated on a uniform and consistent basis. Clients receiving periodic performance reviews from JPMS should review carefully the disclosures, definitions and other information contained in the reviews.***

For certain Programs, there is an inherent conflict of interest where JPMS or an affiliated Portfolio Manager values securities or assets in client accounts or provides any assistance in connection with such valuation and JPMS and an affiliated Portfolio Manager are receiving fees 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 the affiliated Portfolio Manager. The valuation of investments may also affect the ability of the affiliated Portfolio Manager to raise successor or additional funds. As a result, there may be circumstances where JPMS or the affiliated Portfolio Manager is incentivized to determine valuations that are higher than the actual fair value of investments.

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 or securities that have defaulted or been 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. Trade Errors**

Trade errors and other operational mistakes occasionally occur in connection with the management of Funds and client accounts. JPMS 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.). JPMS policies and procedures require that all errors affecting client accounts be resolved promptly and fairly. Under certain circumstances, JPMS considers 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.

### **v. Client Referrals And Other Compensation**

#### **a. Compensation from Non – Clients to JPMS for JPMS’ Provision of Advisory Services**

To the best of its knowledge, JPMS does not receive economic benefits from non-clients for providing investment advice or other advisory services to its clients.

JPMS and its affiliates do receive economic benefits from certain Funds when JPMS’ investment advisory clients’ invest in such Funds. Although these benefits are attributable to sales of the Funds to JPMS’ investment advisory clients and the investment of investment advisory assets in the Funds, they are not benefits the Funds provide to JPMS or its affiliates in exchange for JPMS’ provision of investment advisory services to the clients. For a discussion of the benefits and the conflicts of interest they raise, please refer to Items 4, 9.ii and 9.iii above.

As discussed in Item 4 above, JPMCB also receives economic benefits when JPMS’ investment advisory clients select the Deposit Account as the vehicle for the “sweeping” of available cash balances in their accounts. Again, while these benefits are attributable to the investment of the assets of JPMS’ investment advisory clients in the Deposit Account, they are not benefits JPMCB receives in exchange for JPMS’ provision of investment advisory services to the clients.

In addition, JPMS and its affiliates may from time to time enter into joint marketing activities with Portfolio Managers and/or sponsors of mutual funds offered in the Programs. These Portfolio Managers and/or sponsors may pay some or all of the cost of the marketing activities, which payment may take the form of reimbursement of JPMS or its affiliates. Because of the willingness of these Portfolio Managers and/or sponsors to provide financial support for such activities, JPMS has an incentive to allow them (as opposed to others that who are unwilling to provide such financial support) to participate in such joint marketing activities. However, the payments by the Portfolio Managers and/or sponsors are not made in exchange for JPMS’ provision of investment advisory services to its clients.

Please refer to Item 9.ii above for a discussion of (1) revenue sharing arrangements between JPMS and certain of its affiliates pursuant to which JPMS may receive compensation from the affiliates in connection with referrals of clients by JPMS to such affiliates for the receipt products and services to the clients and (2) solicitation arrangements in which JPMS acts as solicitor for certain other investment advisers who compensate JPMS for referring clients to them. In such cases the compensation is in exchange for JPMS’ referral of clients to other (affiliated or unaffiliated) financial service providers – not for JPMS’ own provision of investment advisory services to its clients.

#### **b. Compensation from JPMS to Unsupervised Persons for Client Referrals**

In addition to compensating certain *supervised* persons (including Wealth Advisors) for their provision of investment advisory services to clients on

behalf of JPMS and/or for their referral or introduction of investors who become advisory clients of JPMS, JPMS has entered into agreements with certain unrelated third-party solicitors for their referral of prospective investment advisory clients to JPMS in accordance with Rule 206(4)-(3) of the Advisers Act. The solicitors engaged by JPMS are typically themselves registered investment advisers. Under these solicitation arrangements, JPMS agrees to pay each solicitor when a referred prospective client becomes an investment advisory client of JPMS. In such cases, JPMS will pay the solicitor a specified portion of the Fee it receives and retains relating to JPMS each such client’s advisory account. Therefore, the clients referred to JPMS do not incur any additional fee or charge by JPMS as a result of JPMS’ arrangements with or its payment to the solicitors.

### **vi. Financial Information**

JPMS is not aware of any financial condition that is reasonably likely to impair JPMS’ ability to meet contractual commitments to its clients, nor has JPMS been the subject of a bankruptcy petition at any time during the past ten years.