

FORM ADV PART 2A
APPENDIX 1
WRAP FEE PROGRAM BROCHURE

J.P. Morgan Securities LLC

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jpmorgan.com/adv

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

J.P. Morgan Securities LLC (JPMS or the Firm) sponsors other wrap fee programs in addition to those discussed in this brochure. Clients can obtain brochures for the other programs by contacting us at (212) 272-2555.

This wrap fee disclosure brochure provides information about the qualifications and business practices of JPMS. If you have any questions about the contents of this brochure, please contact us at (212)-272-2555. 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 JPMS is also available on the SEC’s website at 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 November 5, 2025 and is an interim update to the Brochure. Clients should carefully review this Brochure in its entirety. This section describes the material and/or other changes to the Brochure since the last amendment dated June 27, 2025.

The Form ADV Part 2A Brochure for JPMS is available at jpmorgan.com/adv or by contacting your JPMS Wealth Advisor.

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ITEM 4 – SERVICES, FEES AND COMPENSATION

JPMS 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 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 services to defined contribution plan sponsors.

JPMS offers investment advisory services through several separate sales channels. Similar wrap fee programs that offer the same and similar investment strategies are offered in different sales channels and at different fee levels with different features and with different execution experiences. The wrap fee clients pay for investment advisory services will vary depending on the investment advisory program clients select.

Many of the tools and analytics that are used to support services provided through JPMS advisory programs are also available through JPMS without enrolling in an advisory program and paying a fee. Further, clients could purchase these services separately from JPMS. However, while clients can obtain similar products and services from JPMS without enrolling in an advisory program, they would not receive the same discretionary or non-discretionary account services offered through the advisory programs; the mutual funds share classes available will generally be more expensive; and the client would generally not be able to obtain the same combination of financial planning and investment advisory services. The overall cost of purchasing the products and services separately will most likely differ from each advisory program’s advisory fees. Clients should consider the value of these advisory services when making such comparisons. This Brochure provides information about JPMS and the following investment advisory programs offered by JPMS through “Wealth Advisors” or “Wealth Partners”

• 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

(collectively referred to herein as **Wealth Advisors** and each, a **Wealth Advisor**): Portfolio Advisor Program (**PA**), Portfolio Manager Program (**PM**), Strategic Investment Services Program (**STRATIS**), Customized Bond Portfolios Program (**CBP**), Unified Managed Account Program (**UMA**), Investment Counseling Service Program (**ICS**), and J.P. Morgan Core Advisory Portfolio Program (**JPMCAP**) (collectively, the **Programs**).

In this Brochure, the term “Portfolio Manager” refers to a client’s affiliated or unaffiliated discretionary investment adviser, sub-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 [adviserinfo.sec.gov/IAPD](http://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 [adviserinfo.sec.gov/IAPD](http://adviserinfo.sec.gov/IAPD).

#### i. Services

To enroll into the wrap fee programs, clients must provide certain information to JPMS including, but not limited to, the client’s investment objectives and risk tolerance. The client must also enter into an investment advisory agreement (the **Client Agreement**) with JPMS. The Client Agreement governs the terms of existing and future investment advisory accounts and relationships with JPMS. JPMS discontinued the use of separate program-specific agreements for opening new accounts in the programs (but some existing program accounts may have been opened using the separate program-specific agreement). Pursuant to the Client Agreement, clients pay certain asset-based wrap fees 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 fees paid to JPMS.

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, and the investment objective and risk tolerance (when referred to collectively, the **Risk Score**) for the assets the client wishes to invest, as well as other information provided by the client prior to opening an account.

For most Programs, clients can request reasonable restrictions on management of their account, including, depending on the Program, particular securities or categories of securities related to a sector or industry (e.g., weapons or tobacco) that will be implemented, subject to acceptance by JPMS or the Portfolio Manager and in their sole discretion. JPMS and/or the Portfolio Manager (i.e., STRATIS and UMA) may rely on the information about a company, industry classification, industry grouping and issuer screening provided by J.P. Morgan or a third-party to implement the investment restrictions. 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. JPMS does not review, guarantee or validate third-party screenings or processes. Issuer screenings and processes to implement category investment restrictions are not absolute and 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. 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. Where JPMS does not have discretion, JPMS does not monitor for the adherence to investment restrictions.

Any restrictions a client imposes on the management of the accounts can limit the ability to make investments or take advantage of opportunities and can cause the account to perform differently than similar unrestricted accounts. Neither JPMS nor the Portfolio Manager are required to accept investment restrictions that they deem unreasonable and may decline an account when they deem any client requested restriction unreasonable.

Please note, however, that the ability to request reasonable investment restrictions is not applicable to accounts in PA. Since PA is a non-discretionary Program 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 qualified custodians to custody the assets held in the client’s Program account(s). Any such arrangements are not included in the fees paid to JPMS and the client will pay any and all separate fees and expenses as agreed upon by and between the client and any such unaffiliated, third-party qualified custodian. As a result of selecting an unaffiliated, third-party qualified custodian, certain programs or services will not be available to clients.

## 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 Risk Score for the account. 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 changes 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 Risk Score 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 can, in its sole discretion, 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 Risk Score, subject 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 and Risk Score 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 including, but not limited to, equities, fixed income, Funds, options, cash and/or cash alternatives at the time and in the manner that JPMS determines. JPMS is also authorized 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 Wealth Advisors apply a particular investment strategy across all of the Program accounts they manage in the strategy varies based on Wealth Advisor Investment Strategy Approach (as defined below) and strategy; in all cases, however, the client's individual situation and needs are considered by the Wealth Advisor in their initial assessment of whether any of their strategies is suited to the client's financial circumstances and achievement of the client's objective.

Only Wealth Advisors that meet certain eligibility requirements (refer to Item 6 "Portfolio Manager Selection and Evaluation") can participate in PM. Additionally, Wealth Advisors must be approved to participate in PM and manage either or both Modeled or Custom Strategies (as defined below).

**Investment Strategy Approaches in PM.** PM currently offers two types of investment strategy approaches (each, an **Investment Strategy Approach**): a Modeled Strategy approach where the client selects an investment strategy or strategies created and managed by a Wealth Advisor on a fully discretionary basis based on the Wealth Advisor's specified investment method, or a Custom Strategy approach where the client requires some level of customization and grant their Wealth Advisor(s) discretion to implement a custom strategy that takes into account their own individual investment needs and requests. A further description of each PM Investment Strategy Approach is included below. Each Investment Strategy

Approach in PM is distinguished by how JPMS implements and delivers advice to clients in PM.

**Modeled Strategy Approach.** When a client selects the Modeled Strategy approach for their PM account(s), the Wealth Advisor will manage the client's PM account in accordance with the investment strategy that the client has selected in consultation with the Wealth Advisor, taking into account the client's financial situation, Risk Score and other information the client has provided for their account(s). The asset allocation of any such account will be based on the Risk Score for the client's account. Modeled Strategies in PM are constructed and implemented by the Wealth Advisor across such Wealth Advisor's PM client accounts invested in the same Modeled Strategy. The Risk Score of the strategy will be consistent with the Risk Score of the accounts that are invested in the Modeled Strategy. Not all Wealth Advisors are approved to manage accounts according to this Investment Strategy Approach.

**Custom Strategy Approach.** When a client selects the Custom Strategy approach for their PM account(s), the Wealth Advisor(s) will take into account the client's account Risk Score and other financial circumstances and information the client has shared to provide specific customization tailored to client's individual needs. The Risk Score of the strategy will be consistent with the Risk Score of the accounts that are invested in the Custom Strategy. Not all Wealth Advisors are approved to manage accounts according to this Investment Strategy Approach.

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

STRATIS provides clients access to a select group of affiliated and unaffiliated Portfolio Managers and Model Portfolio Providers, each of whom offer a specific investment strategy (equity and fixed income) and market sector expertise. The affiliated Portfolio Managers and Model Portfolio Providers in STRATIS include JPMIM and JPMPI. Clients select the Portfolio Managers or Model Portfolio Providers and investment strategy from among the Portfolio Managers, Model Portfolio Providers and investment strategies made available by JPMS. Portfolio Managers provide discretionary investment management in separately managed accounts. Model Portfolio Providers provide nondiscretionary Model Portfolios to JPMS to implement. Portfolio Managers, Model Portfolio Providers 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, Model Portfolio Providers and/or strategies to or from STRATIS, as further discussed below.

Based on the Risk Score 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), Model Portfolio Providers and strategies from among those available through STRATIS. Although JPMS will assist clients in identifying suitable Portfolio Managers, Model Portfolio Providers and strategies in which to invest, clients are responsible for selecting the Portfolio Managers, Model Portfolio Providers 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. For certain strategies, JPMS 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 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. To the extent a strategy is removed from STRATIS and another strategy is not designated as a default replacement, the securities would be held in-kind in an unmanaged brokerage account. Any restrictions or customizations will be maintained once the assets are reinvested in the default replacement subject to acceptance by the Portfolio Manager.

If a client requests tax harvesting, JPMS or the Portfolio Manager can 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. For certain strategies, Portfolio Managers may not offer tax harvesting services.

For accounts where JPMS does not have 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 in writing, 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.

JPMS acts as the implementation manager for certain Model Portfolios provided by Model Portfolio Providers. When JPMS acts as an implementation manager, JPMS provides portfolio implementation and coordination services to accounts with Model Portfolios. Services include: (1) managing the accounts on a discretionary basis by implementing instructions to purchase, hold or sell securities; (2) continuously monitoring the account holdings and coordinating the trading activity; (3) implementing specific reasonable restrictions requested by the client that are placed on the client account; and (4) generally rebalancing the Program account to the allocation in a chosen investment strategy when the asset allocation percentages deviate from established parameters. JPMS will generally purchase and sell in the account investments that are consistent with the Model Portfolios provided by the Model Portfolio Provider, though JPMS retains investment discretion over the account investments. Currently, the only Model Portfolios in STRATIS are those provided by Model Portfolio Providers that are affiliated with JPMS. Review the attached Appendix A for a list of relevant strategies and their objectives.

**Certain STRATIS Strategies Managed by Affiliates of JPMS.** The strategies offered through STRATIS can include those that provide access to affiliated Portfolio Managers or Model Portfolio Providers.

- There are strategies for which JPMIM acts as a Portfolio Manager or act as a Model Portfolio Provider. For the strategies in which JPMIM acts as a Model Portfolio Provider, JPMS acts as implementation manager. Refer to the attached Appendix A for a description of strategies for which JPMS acts as implementation manager.
- JPMPI provides discretionary investment management services to those clients in STRATIS who select the Multi-Manager Strategies (the **J.P. Morgan Multi-Manager Strategies**). The J.P. Morgan Multi-Manager Strategies seek to address specific investment objectives, provide exposure to targeted asset classes, capture timely market opportunities, and/or address specific client objectives through actively managed portfolios. These investment strategies may include a variety of marketable securities, such as stocks, bonds, Funds, and may leverage the expertise of Model Portfolio Providers

who provide models of securities for certain investment strategies. The Liquidity Management Strategy is a subgroup of Multi-Manager Strategies and seeks to address specific fixed income investment objectives. Funds available through these certain strategies in STRATIS include both J.P. Morgan Funds (as defined below) and non-J.P. Morgan Funds. Affiliates that sponsor or manage J.P. Morgan Funds may include JPMPI and JPMIM. A substantial portion of the assets in these J.P. Morgan Multi-Manager Strategies are expected to be invested in J.P. Morgan Funds. In addition, unaffiliated and affiliated Model Portfolio Providers will be evaluated and selected for these accounts. In the case of Dynamic Multi-Asset Strategy (**DMAS**), clients can select a strategy that excludes J.P. Morgan Funds or one that may include J.P. Morgan Funds. JPMS has a conflict in recommending the DMAS strategy that may include J.P. Morgan Funds.

- Refer to "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 and affiliated Model Portfolio Providers.

### ***Customized Bond Portfolios Program (CBP)***

CBP is designed to provide discretionary investment management services in separately managed accounts by an affiliated Portfolio Manager, JPMIM. The Program is designed as a solution for investors with the specific asset class needs or desire to invest in taxable and tax-aware fixed income portfolios consisting of laddered bonds within the risk tolerance of the client's investor profile. In bond ladder portfolios, the Portfolio Manager buys bonds that have maturities spanning over a designated period of years, and which are intended to be held until maturity.

CBP portfolios are designed by a team of portfolio managers in JPMIM and are available with different average maturities to fit different needs and risk tolerances. The portfolio management team constructs the portfolios using fundamental credit and relative value analysis combined with ongoing credit and security oversight. The team focuses on identifying and monitoring attractive risk/reward investments within client-specified criteria. CBP portfolios are separately managed accounts that give clients direct ownership of securities and that have several additional features, including that portfolio managers can choose to hold bonds to maturity and can choose to reinvest or withdraw coupon interest income.

Customizations subject to acceptance by the Portfolio Manager are available to meet a client's investment criteria, including, but not limited to state of residence, credit quality, sector, tax treatment, dividend/coupon type, duration preferences and instructions to not reinvest proceeds from maturing bond or bond sales and income.

Based on information provided to JPMS by a client, JPMS will assist such client in selecting a suitable CBP strategy in which to invest from those made available by JPMS, which currently include the Customized Taxable Bond Portfolio Strategy, the Customized Municipal Bond Portfolio Strategy and the Customized Preferred Portfolio Strategy. Clients should review the Portfolio Manager's Form ADV 2A for additional risk factors, conflicts of interest and other important information. All CBP accounts are customized to the individual client's investment needs.

Clients determine how to invest through CBP 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 CBP 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.

In the event a strategy is removed from CBP, JPMS will provide written notice to clients. For certain strategies, JPMS may designate another strategy in CBP as the default replacement for the CBP 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 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 CBP 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. To the extent a strategy is removed from CBP and another strategy is not designated as a default replacement, the securities would be held in-kind in an unmanaged brokerage account. Any restrictions or customizations will be maintained once the assets are reinvested in the default replacement subject to acceptance by JPMIM.

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 CBP 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 CBP 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.

**Availability of Customized Services for Clients in CBP Investment Strategies.** CBP strategies can be customized to individual client investment needs to various degrees depending on the investment strategy selected.

In municipal bond portfolio strategies and taxable bond portfolio strategies, clients have the ability to select certain customizations (e.g., state preference, minimum credit quality options). The credit quality parameters that each client selects for a particular account only apply at the time the Portfolio Manager initially purchases a particular bond for that account. The Portfolio Manager may or may not liquidate bonds upon a credit rating downgrade. As a result, an account can hold bonds with a credit rating below the client-selected parameter.

In preferred portfolio strategies, clients have the ability to select from an option for tax treatment.

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

During the course of the portfolio management of a client account, for certain strategies, a client can change their Customized Portfolio for a municipal bond portfolio or taxable bond portfolio account. Clients can decide whether (1) to immediately restructure the entire account based on the new Customized Portfolio or (2) to adjust the account as existing bond positions mature in accordance with the new Customized Portfolio. If the client does not elect for (1) or (2) as previously described, the Portfolio Manager will apply option (2) as a default. The client portfolio may hold positions that are not in line with the new Customized Portfolio if option (2) is applied. For preferred strategies, clients can only restructure an entire preferred portfolio account. Immediately restructuring the entire account to the new Customized Portfolio can result in taxable events upon the sale of positions. Clients should consult with their own tax professional to understand any such consequences.

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

In UMA, client accounts may invest in some or all of the following investment products in an account, which may or may not be affiliated with JPMS: (i) Funds, (ii) Model Portfolios, and/or (iii) Joint Discretion Strategies

(as defined below). The management of the investment products takes place in a single, unified JPMS account. Envestnet Asset Management, Inc. (**Envestnet**), an unaffiliated Portfolio Manager, acts as discretionary overlay manager for investment products in this Program (the **UMA Overlay Manager**). As UMA Overlay Manager, Envestnet provides the following portfolio implementation and coordination services (as applicable) with respect to clients' accounts invested in the Program: (i) implementing, consistent with their discretionary investment and trading authority, investment instructions furnished to Envestnet by Model Portfolio Providers with respect to the specific securities to be purchased, held or sold for clients' accounts and the account assets to be allocated to each such security; (ii) continuously monitoring the account holdings and coordinating the trading activity; (iii) rebalancing accounts; and (iv) implementing reasonable restrictions imposed by clients.

UMA account assets can be allocated to available Model Portfolios. Model Portfolios are managed by affiliated or unaffiliated Model Portfolio Providers that select the securities to be included in the Model Portfolio. The Model Portfolios are then implemented by the UMA Overlay Manager, consistent with its discretionary and trading authority, and subject to any reasonable restrictions imposed by the client and accepted by the UMA Overlay Manager. Typically, the UMA Overlay Manager will 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 changes to the UMA Overlay Manager, the UMA Overlay Manager 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 Portfolio and the strategies as implemented in UMA accounts will vary.

UMA account assets can also be allocated to available investment strategies (**Joint Discretion Strategies**) that are subject to discretionary management, jointly, by the UMA Overlay Manager and affiliated and unaffiliated investment advisers (**Joint Discretion Managers**). Joint Discretion Managers select the securities to be included in the Joint Discretion Strategy and direct the execution through third-party broker-dealers, in accordance with the Joint Discretion Managers' best execution obligations.

***The UMA Overlay Manager has an investment advisory relationship with the client and is not an agent or sub-adviser of JPMS in UMA. Similarly, each Joint Discretion Manager has an investment advisory relationship with the client and is not an agent or sub-adviser of JPMS in UMA. However, the client will not be an advisory client of any Model Portfolio Providers or with the issuers of securities or such issuers' advisers.***

**Discretionary Authority Types.** There are two types of discretionary authority for a client to select for the account in the Program.

- **Client Discretion:** Clients have the authority and responsibility to select the investment products for the Program account. Upon request from the client, JPMS will identify and recommend to the client suitable investment products to create the Target Portfolio (as defined below) 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. However, the client is responsible for the ultimate selection of the investment products for their account(s). Clients are solely responsible (even if JPMS assisted the client) for monitoring the UMA Overlay Manager's adherence to or consistency with the client's risk profile, target allocation and Target Portfolio and any investment restrictions and/or guidelines that have been submitted by the client and accepted by the UMA Overlay Manager. In addition, clients are solely responsible (even if JPMS assisted the client) for providing any tax gain or loss requests and mandates. 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

several days to implement a request from a client to change an investment product.

Unless specifically agreed to by JPMS, JPMS is not obligated to provide ongoing advice with respect to the client's selection of any investment product, 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 investment products.

- **Wealth Advisor Discretion:** Clients can authorize an approved Wealth Advisor to (i) select and change investment products for clients without their prior authorization, and (ii) define and adjust the target asset allocation and Target Portfolio. Within the Program, JPMS will exercise discretion primarily through the Wealth Advisor(s). Clients are solely responsible for providing tax gain or loss requests and mandates and monitoring the UMA Overlay Manager's adherence to any investment restrictions and/or guidelines that have been submitted by the client and accepted by the UMA Overlay Manager.

While the client (or JPMS for Wealth Advisor Discretion accounts) is solely responsible for the selection of investment products and determining the percentage allocation to each, the UMA Overlay Manager (jointly with any Joint Discretion Manager the client may select) maintains discretion over day-to-day portfolio decisions, trading and account administration, and is responsible for coordinating investment product 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.

**Services Provided.** Clients will provide information relating to the client's investment objective(s), goals, time horizon and risk tolerance, which will identify the risk profile for the account. The risk profile will guide a target asset allocation for the account. Based on such information, JPMS and the client (or JPMS for Wealth Advisor Discretion accounts) develop the recommended target allocation. The client (or JPMS for Wealth Advisor Discretion accounts) 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).

An account can invest in multiple investment products or can invest in only one Model Portfolio Provider or Joint Discretion Manager. The client (or JPMS for Wealth Advisor Discretion accounts) then selects the investment product(s) that correspond to the target allocation to create the **"Target Portfolio."**

The investment styles for the selected investment products generally correspond to the target allocation.

JPMS will notify the UMA Overlay Manager of the Target Portfolio selected by the client (or JPMS for Wealth Advisor Discretion accounts) 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.

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. 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.

**Review of Investment Products.** JPMS determines which UMA Overlay Manager and investment products are available through UMA and reviews (or arranges for the review of) the UMA Overlay Manager and the relevant investment products 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 investment products to and from UMA.

For Client Discretion, in the event an investment product is removed from the Program, JPMS may designate another investment product as the default replacement for UMA assets invested in the removed investment product. If JPMS designates such a default replacement, each affected client account 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 investment product 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 investment products available in UMA as suitable replacements for the removed investment product. If an investment product is removed from UMA and JPMS does not designate a default replacement, the client's UMA assets that were invested in the removed investment product will automatically be re-invested into a Fund 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 investment product, 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 investment product may have tax consequences for the client. Any restrictions or customizations will be maintained once the assets are reinvested in the default replacement, subject to acceptance by the UMA Overlay Manager.

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.

**Tax Management Services.** 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 Services with respect to certain investment products, 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 Joint Discretion Strategies and Funds. Accordingly, Tax Management Services are more appropriate and likely to prove more effective for an account that is more heavily concentrated in Model Portfolios than in Joint Discretion Strategies and Funds. 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.

**Values Overlay Services.** The client may elect to place exclusionary screens (e.g., socially conscious restrictions, such as weapons or tobacco) on the management of their account (**Values Overlay Services**), subject to the acceptance of the UMA Overlay Manager and/or each Joint Discretion Manager selected by the client, as applicable. No restriction will be applied to the underlying holdings of a Fund that is held or purchased in the client's account. If a client elects to enroll in Values 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 Values Overlay Services will typically not be charged.

**Rebalancing.** The UMA Overlay Manager may periodically rebalance accounts, triggered by deviations from the target asset allocation. For Client Discretion, clients can elect the frequency (i.e., annual, semi-annual or quarterly) with which systematic rebalancing occurs. Only in certain circumstances, in JPMS' discretion, will Client Discretion accounts be allowed to request that their accounts do not undergo systematic rebalancing. For Wealth Advisor Discretion, Wealth Advisors will have the option to rebalance the account on a quarterly, semi-annual or annual basis or to elect that the accounts do not undergo systematic rebalancing.

The client (for Client Discretion accounts) or Wealth Advisor (for Wealth Advisor Discretion accounts) 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 investment product 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 can 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.

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

ICS provides clients access to discretionary investment management services of client accounts in accordance with certain strategies managed by affiliated or unaffiliated Portfolio Managers. Based on the Risk Score 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 the client's Risk Score for the ICS assets (unless the client invests assets with a Portfolio Manager or strategy outside the ICS Universe). 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, 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. 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 (**ICS Non-Researched**). 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 ICS Non-Researched Portfolio Managers and strategies, 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 an ICS Non-Researched Portfolio Manager and strategy, they will not receive the full range of 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 an ICS Non-Researched Portfolio Manager's strategy, 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. The decision to utilize an ICS Non-Researched Portfolio Manager or strategy and the review and selection of the Portfolio Manager(s) is the client's decision and responsibility. JPMS will not assist with the recommending or soliciting of Portfolio Managers selected in the ICS Non-Researched program.

JPMS may also determine that it will no longer permit clients to maintain ICS assets with an ICS Non-Researched Portfolio Manager or strategy. In such cases, clients may select a Portfolio Manager or strategy that is part of the ICS Universe, or the ICS account may be terminated by the client or by JPMS.

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

JPMCAP is a unified managed account Program managed and offered by JPMS. In JPMCAP, clients establish a discretionary managed account that is 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 JPMS makes available to clients. In addition, U.S.-focused investment strategies for conservative, balanced and growth are offered in JPMCAP.

Assets within an investment strategy are generally invested in each asset class through one or more Funds. Depending on the investment strategy selected, clients have the option to make certain elections including municipal fixed income (for taxable accounts), Liquid Alternative Funds 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**); refer to "Liquid Alternative Funds" in Item 6.vi below for more information.

JPMPI, as sub-adviser of JPMCAP, determines strategic and tactical asset allocations, is responsible for security selection (i.e., selects the Funds for

investment), and determines portfolio construction. JPMPI, as sub-adviser of JPMCAP, from time to time may close investment strategies to new investments. JPMS oversees the selections using an investment policy statement and remains responsible for overseeing JPMPI's performance.

Funds sponsored or managed by affiliates of JPMS (**J.P. Morgan Funds** or **J.P. Morgan-affiliated Funds**) and Funds managed by third-party asset managers (**non-J.P. Morgan Funds** or **unaffiliated Funds**) are available in JPMCAP. Currently, a substantial portion of the assets in JPMCAP are invested or expected to be invested in J.P. Morgan Funds. Refer to "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, JPMPI 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. In addition, U.S.-focused investment strategies for conservative, balanced and growth are offered in JPMCAP. The Balanced ESG investment strategy primarily consists of Funds or other investments that consider environmental, social and governance (**ESG**) factors and/or focus on sustainable themes. 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, as applicable. 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.

The U.S. Endowments & Foundations (**E&F**) investment strategy is designed to primarily service the investment goals of nonprofit entities (i.e., endowments and foundations). This investment strategy is made available to clients of Wealth Advisors and is appropriate for a growth investment strategy. The endowment investing approach is generally characterized by a longer-term investment horizon. A long-term investment mindset can allow a client to look through the short-term volatility and focus on the potential of enhancing long-term returns. For more information on these investment strategies and related risks, clients should review the advisory brochure for JPMPI, which can be obtained upon request from a Wealth Advisor or at the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). JPMS has delegated certain of its discretionary responsibilities and authority to JPMPI as the Program's sub-adviser. JPMPI is an affiliate of JPMS. JPMPI, as the sub-adviser, determines strategic and tactical asset allocations, is responsible for security selection (i.e. selects the Funds for investment), and determines portfolio construction. JPMS oversees the selections using an investment policy statement and remains responsible for overseeing JPMPI's performance.

The investment policy statement specifies investment guidelines 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.

JPMS and JPMPI have full discretionary authority to be exercised in their exclusive judgment and consistent with the investment strategy selected by the client, to determine the allocation of assets (inclusive of selecting, adding, removing, or replacing) among Funds. In addition, as applicable, JPMPI provides trade instructions to JPMS for each investment strategy. JPMS has delegated this discretionary authority to JPMPI as the Program's sub-adviser.

JPMS has retained JPMPI as the Program's overlay manager for Program accounts. JPMPI, as the overlay manager for JPMCAP, provides portfolio implementation and coordination services to JPMCAP accounts. Services



include: (1) managing the accounts on a discretionary basis by implementing instructions to purchase, hold or sell securities or shares of Funds; (2) continuously monitoring the account holdings and coordinating the trading activity; (3) implementing specific reasonable restrictions requested by the client that are placed on the accounts; and (4) generally rebalancing the Program account to the allocation in a chosen investment strategy when the asset allocation percentages deviate from established parameters.

JPMPI does not have any responsibility or liability for JPMS' determinations that the investment strategy selected by the client is suitable in light of the client's investment objectives and financial situation.

In providing services to JPMS, JPMPI can rely on affiliated and unaffiliated third parties to fulfill its services as overlay manager.

**Rebalancing.** 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 Portfolios are bought or sold, as applicable, until the account holdings are consistent with the client's selected Model Portfolio. Over time, the Funds will appreciate (or depreciate) in value at different rates.

Rebalancing has tax implications for most clients unless the account is an individual retirement account (IRA) or qualified retirement plan. JPMPI will continuously review client asset allocations relative to the selected investment strategy and will generally rebalance the Program account to the allocation in the chosen investment strategy when the asset allocation percentages deviate from established parameters. 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. Over time, the Funds will appreciate (or depreciate) in value at different rates. **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 allocations in the selected investment strategy.**

**Municipal Fixed income (for taxable accounts).** For taxable (non-retirement) accounts, clients can elect to substitute tax-aware investments for certain equities or municipal investment for some fixed income options.

**Index-Oriented Vehicles.** JPMS and the sub-adviser prefer 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 (as defined below) and some of which are not. JPMCAP in the past offered certain clients, as described below, the option to implement certain account investment strategies using an Index-Oriented Vehicle election.

JPMCAP Index-Oriented Vehicles (**Passively Managed Vehicles**) include ETFs and index mutual funds, and "Actively Managed Vehicles" include mutual funds. Actively managed vehicles typically charge higher management fees than passively managed vehicles. In determining whether a particular Actively Managed Vehicle or Passively Managed Vehicle can be considered an "Index-Oriented Vehicle," JPMPI will, using due diligence 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 and complexity 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 selected the conservative, balanced, or growth investment strategies and who did not elect to include Liquid Alternative Funds could have elected to use Index-Oriented Vehicles in their accounts for asset classes other than cash and liquidity Funds. The election to have an account

implemented using Index-Oriented Vehicles was not available for accounts invested in aggressive growth, managed fixed Income or managed equities 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. Actively Managed Vehicles typically charge higher management fees than Passively Managed Vehicles.

Clients who elected to have their accounts implemented using Index-Oriented Vehicles had to also elect having their accounts implemented using non-J.P. Morgan Funds, as defined and further described below.

Currently, clients that selected the Index-Oriented Vehicle election will not be invested in any J.P. Morgan Funds (except for J.P. Morgan sweep vehicles; refer to "Cash Allocations or Balances and the Sweep Feature" below for more detail) or affiliated Model Portfolio Providers.

If the client made an election for Index-Oriented Vehicles for an existing JPMCAP account, sales of Funds could be subject to redemption fees. There can be a period of time during which non-Index-Oriented Vehicles remain in a client's account.

For JPMCAP, when a client elected to implement Index-Oriented Vehicles, it could 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.

**Liquid Alternative Funds.** Liquid Alternative Funds are available to accounts depending on the investment strategy and assets available in the account (generally accounts with an investment balance of at least \$250,000). For additional information related to risks associated with Liquid Alternative Funds, refer to Item 6.vi.

**Non-J.P. Morgan Funds and Unaffiliated Model Portfolio Providers.** As described below in "Use of J.P. Morgan Funds and Model Portfolio Providers and Potential Conflicts of Interest," JPMPI prefers J.P. Morgan Funds and affiliated Model Portfolio Providers. Clients can elect to exclude from their JPMCAP accounts J.P. Morgan managed strategies (except for J.P. Morgan sweep vehicles; refer to "Cash Allocations or Balances and the Sweep Feature" below for more detail), including J.P. Morgan managed strategies where a party other than J.P. Morgan is appointed investment adviser (**Non-Proprietary Strategy Election**). The Non-Proprietary Strategy Election excludes from JPMCAP accounts J.P. Morgan Funds (except J.P. Morgan sweep vehicles).

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, the sales of Funds can be subject to redemption fees.

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

#### ***Tax Consequences***

When client elections result in the sale of securities, when accounts are funded with securities, or when funds are removed or replaced in a client portfolio, clients may incur redemption charges and taxable gains or losses.

Clients should consult their own tax professionals when making these decisions. JPMS and its affiliates do not provide tax advice.

### **Funding**

Clients can fund their accounts by depositing cash and/or securities acceptable to JPMS. JPMS may determine in its sole discretion that certain securities are ineligible for the Programs. If JPMS determines, in its sole discretion, that contributed investments are not eligible or unacceptable (by execution of the Client Agreement), clients authorize JPMS to sell those investments and charge them a commission for the sale of these assets. If JPMS or the Portfolio Manager is not able to sell the assets or determines not to sell the ineligible asset, JPMS has the right to transfer the asset to a securities brokerage account. JPMS will be acting as a broker, and not acting as a fiduciary or investment adviser, and we may charge a commission or execute a principal transaction for the sale of these ineligible investments. Investment management will begin after JPMS has accepted the account into the Program. The investment of assets of an account will only occur when all operational requirements have been met. Account acceptance may be delayed or rejected if the account is overfunded, underfunded, or funded with ineligible securities. 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 the 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 a 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. Before contributing mutual fund shares, clients should consider if they paid a front-end sales charge, as they can incur a contingent deferred sales charge or a redemption fee in the event the mutual fund shares are liquidated in accordance with the Investment Strategy selected. These mutual fund fees and charges are the responsibility of the client and are in addition to the wrap fee. Clients should review the potential tax consequences of these liquidations with their tax professional 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 funding client accounts at the then prevailing market prices, separately from the acceptance of the account by the Portfolio Manager. If a particular 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 owned by the client.

For certain strategies, if clients transfer securities into their portfolio, they may request to have J.P. Morgan work to transition such securities into their portfolio in a more tax efficient manner. Clients will work with their Wealth Advisor to discuss which securities (or any particular security or securities) can be held in their portfolio and sold over an extended period of time, at the Portfolio Manager's sole discretion. Clients understand that the sale of these securities may generate taxable income, and J.P. Morgan does not make any guarantees regarding tax implications with respect to a client's portfolio. Clients should discuss their specific tax transition and portfolio with their tax professional. Requesting that any security be held for an extended period of time can result in deviation from the Model Portfolio guidelines and/or from the investment strategy that a client has selected. The longer the time period for transition, the longer the deviation from the Model Portfolio guidelines and/or from the investment strategy. As such, the client's performance will differ from the performance of other

clients that are invested in the same model portfolio or investment strategy.

J.P. Morgan will not verify the accuracy of any external account information, including account statements provided by clients from third parties. The validity of recommendations provided by J.P. Morgan and any analyses contained in any report provided by J.P. Morgan is dependent upon the accuracy and thoroughness of the data and information provided by the client. The use of incomplete or inaccurate data and information will result in different outcomes. The tax implications set forth in any report or any guidance provided by J.P. Morgan pursuant to a client's tax transition plan are not guaranteed and should not be viewed as tax advice. Actual tax incurred by clients will vary from any illustrated projections provided by J.P. Morgan pursuant to client's tax transition plan. Clients should contact their tax professional to review their tax transition plan. A client's plan can be modified at any point in time during discussion with their J.P. Morgan team.

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

For PA and PM:

- **Approved Mutual Funds.** If a client contributes or holds a mutual fund that is approved for the platform but is not in the approved advisory share class, then JPMS can exchange the client's shares 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. JPMS may not elect to exchange particular share classes of a mutual fund if, for example, there is no equivalent advisory share class eligible for the Programs or if other circumstances exist.
- **Non-Approved Mutual Funds.** When a client contributes to or holds a mutual fund that is not approved for the platform, and a client or Wealth Advisor decides to hold the non-approved mutual fund, JPMS will not monitor or review the appropriateness of the existing share class. In certain circumstances, JPMS can, but is not required to, exchange the client's shares into an approved advisory share class of the same mutual fund. The non-approved mutual fund will be subject to the Fee (as defined below). Clients should discuss with their Wealth Advisor the impact of contributing or holding any non-approved mutual fund shares in their account. Refer to Item 6 (Portfolio Manager Selection and Evaluation) for more information on mutual fund selection.

For STRATIS, UMA and JPMCAP, if a client holds a mutual fund share class that was previously approved and that JPMS now deems to be ineligible for the Program, JPMS can exchange the shares 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 the 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 but 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, the Portfolio Manager may sell their share class and purchase the approved share class.

There can be tax consequences related to the sale and purchase of mutual fund shares.

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.

Refer to Item 9.iii.3 (Additional Information – Other Compensation from Affiliated and Unaffiliated Mutual Funds and Other Pooled Investment Vehicles) for more information on share class selection and mutual fund compensation.

## ii. Fees and Compensation

### a. Wrap Fee

The Programs are known as “wrap fee” investment advisory programs because clients pay JPMS an asset-based fee for the various services JPMS and the Wealth Advisors provide in the Programs. This 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. Unless otherwise disclosed, a separate fee is charged for any Portfolio Manager investment management services and any Model Portfolio Provider’s provision of Model Portfolios. These separate fees (i.e., the asset-based fee to JPMS and the fee charged for any Portfolio Manager or Model Portfolio Provider services) are referred to collectively as the “Fee” and will appear either together as a single fee on account statements and other communications, except for STRATIS and ICS where it will appear as separate fees.

However, for ICS, the Fee **does not include** the fee that the client agrees to pay any Portfolio Managers.

The Fee does not cover any (i) brokerage commissions or other charges resulting from transactions not effected through JPMS or its affiliates; (ii) “mark-ups,” “markdowns” and “dealer spreads” that we or other broker-dealers may receive when acting as principal in certain transactions; (iii) custody services provided by any unaffiliated custodian; (iv) certain costs or charges imposed by third parties, including odd-lot differentials, margin interest, transfer taxes, exchange fees, and other fees or taxes required by law; (v) any retirement account fee; (vi) the cost of investment manager fees and other expenses charged by Funds; or (vii) any pass-through or other fees associated with investment in American Depositary Receipts (ADRs).

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.

The maximum annual rate for JPMS’ component of the Fee is 2.00% for all Programs except for:

- CBP, which has a maximum annual rate for JPMS’ component of the Fee of 0.70%,
- Certain strategies in STRATIS managed by affiliates of JPMS, which may have a lower maximum annual rate for JPMS’ component of the Fee of 2.00%. (For example, JPMPI Liquidity Management Strategy is offered in STRATIS as part of the Multi-Manager Strategies for which the maximum annual rate for JPMS’ component is 0.40%.)

### Important Information Regarding the Maximum for JPMS’ component of the Fee

Wrap fee programs that offer the same and similar programs and/or investment strategies are offered in the different sales channels and at different fee levels. Although JPMCAP and investment strategies in STRATIS are available through Wealth Advisors at the maximum annual rate for the JPMS’ component of the Fee of 2.00%, the same or similar program or strategy is available through another J.P. Morgan sales channel with a lower maximum annual rate. JPMS will provide the client with written confirmation reflecting the agreed upon Fee.

Wealth Advisors receive less compensation for Programs or strategies with a lower maximum annual rate for JPMS’ component of the Fee than the other Programs or strategies described herein.

### Credit of Certain Fees to IRAs and Certain Other Retirement Plan Accounts

Certain retirement accounts are able to hold affiliated Funds. If an account owned by an IRA, or other client that is a qualified retirement account subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code of 1986, as amended (IRC), holds any J.P. Morgan Funds, the actual amount of the J.P. Morgan Funds’ underlying fees paid to J.P. Morgan and associated with the client’s Program account assets will be credited to the account. The credit will appear as a separate line item on the client’s Program account statement. This credit does not apply to account investments in non-J.P. Morgan Funds. In addition, for those J.P. Morgan accounts that hold unaffiliated investment sub-advisers for all or a portion of portfolio management, the amount of the advisory fees paid to unaffiliated investment sub-advisers is not credited.

### Portfolio Manager and Model Portfolio Provider Fees

General information regarding fee rates of the Portfolio Managers, the UMA Overlay Manager, and each Model Portfolio Provider and Joint Discretion Manager are included below, though such rates may change over time. Clients can obtain the Fee schedules for the Portfolio Managers and certain Model Portfolio Providers by asking their Wealth Advisor(s), or by visiting [jpmorgan.com/ManagerFees](http://jpmorgan.com/ManagerFees).

#### (i) PM

- JPMS typically pays a portion of the JPMS component of the Fee it receives from each client to the Wealth Advisor(s) for that client.

#### (ii) STRATIS

- The Portfolio Manager or Model Portfolio Provider component of the Fee varies by Portfolio Manager, Model Portfolio Provider, type of account and type of strategy. The Portfolio Manager component of the Fee is currently up to 1.00% annually of the net market value of

the accounts managed by a Portfolio Manager, generally as set forth in a fee schedule that is part of an agreement between JPMS and each such Portfolio Manager. The Model Portfolio Provider component of the Fee is currently up to 0.38% annually of the net market value of the accounts managed by the Model Portfolio Provider.

- 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 or Model Portfolio Provider's component of the Fee is generally separate from and in addition to JPMS' component of the Fee.
- For the strategies managed by JPMPI, JPMS reimburses JPMPI for its costs for investment advisory services in support of the strategy, rather than being paid a component of the Fee separate from and in addition to JPMS' component of the Fee.

(iii) **CBP**

- JPMIM's component of the Fee is paid 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.

(iv) **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:
  - i. maximum of 0.05% annually of the market value of the account's assets allocated in the Target Portfolio to securities;
  - ii. maximum fee of 0.07% annually of the market value of the account's assets allocated in the Target Portfolio to Model Portfolios and Joint Discretion Strategies; and
  - iii. if the client has elected to receive Tax Management Services and/or Values Overlay Services, maximum 0.10% annually of the account's assets.
- Each Joint Discretion Manager's and Model Portfolio Provider's component of the Fee is generally between 0.20% and 0.425% 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.
- When two or more UMA accounts are related together for billing purposes, clients may be able to benefit by reducing the UMA Overlay Manager's component of the Fee (including Tax Management and/or Values Overlay Services). Only certain accounts may be related for billing purposes, based on the law and JPMS' policies and procedures. UMA accounts with the same primary tax identification number will be automatically related for billing purposes. Even where other accounts are eligible to be related under the policies and procedures, they will only be related if agreed to between the client and the client's Wealth Advisor.

(v) **ICS**

- The applicable ICS Universe Portfolio Manager fee rate is agreed to separately by and between a client and Portfolio Manager.

- 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).)

(vi) **JPMCAP**

- JPMS reimburses JPMPI for its costs for investment advisory services, rather than being paid a component of the Fee separate from and in addition to JPMS' component of the Fee.
- In its sole discretion, JPMPI may waive or reduce a portion of the Fee.

Fees for certain Portfolio Managers or Model Portfolio Providers that are affiliated with JPMS are waived or rebated to client Program accounts that are IRAs or tax-qualified plans, including plans subject to Employee Retirement Income Security Act of 1974, as amended (**ERISA**). In this case, JPMS may share a portion of the Fee with the affiliated Portfolio Manager or Model Portfolio Provider. This revenue sharing arrangement will not affect the total fees due by the client. The lower pricing structure creates a conflict of interest and provides an opportunity for Wealth Advisors to charge a higher JPMS Fee for these strategies than they would for strategies that charge an additional Portfolio Manager fee. The opportunity to negotiate a higher JPMS Fee in circumstances where the affiliated Portfolio Manager fee is waived also creates an incentive to recommend affiliated Portfolio Managers, which benefits JPMS as further described below.

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. Note that this divergence between the Target Portfolio allocation and the actual allocation that results from market movements between rebalancing could result in a client paying an advisory fee that is higher or lower than the amount that would be paid if the rate was applied to the actual market value of the account. 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.

If a client requests that any securities be transferred out of an account or there is a trade error in an account, JPMS may temporarily suspend trading in the account until the transfer is complete or the trade error is remediated. During such time, Fees (as defined in this Item 4) will continue to accrue.

From time to time, Fees can be increased or decreased (that is, JPMS may increase any fees to JPMS, the Portfolio Manager or the Model Portfolio Provider). JPMS will notify the client whenever a fee increase is made to the client's Program account(s).

#### **b. Negotiability of Fee**

In its discretion, and subject to the maximum Fee described above, JPMS can negotiate, reduce, or completely waive the JPMS component of the Fee for any client or group of clients. 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. JPMS charges fees that it believes are reasonable in relation to the scope of services and nature of the investment advice provided, but these fees are not always the lowest available from other firms and/or our affiliates.

#### **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%. ***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. In those circumstances, the Wealth Advisor has an incentive to recommend the Program that would pay higher compensation.***

***As disclosed above, certain of our wrap Programs charge a negotiable JPMS Fee and others charge a negotiable JPMS Fee plus a Portfolio Manager fee, which in certain circumstances may be waived but is not negotiable. Differences in fees for Portfolio Managers in Programs with a third-party manager, or the absence of such fees in any Program, create a conflict of interest as such differences provide an opportunity for Wealth Advisors to negotiate a higher JPMS Fee for a strategy with lower or no separate Portfolio Manager fees than they would for strategies that charge a higher Portfolio Manager fee. The opportunity to negotiate a higher fee also creates a financial incentive for Wealth Advisors to recommend such Programs and/or Portfolio Managers. The ability of the Wealth Advisor to negotiate a higher JPMS Fee in these circumstances also provides a financial benefit to JPMS, which retains a portion of the Fee.***

#### **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 outside of the Programs or 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 STRATIS and UMA, a client's acceptance of a Model Portfolio, strategy or security designated by JPMS as the default replacement for one removed from certain Programs 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, and UMA, 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 the 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 fees, transfer taxes, exchange fees, wire transfer fees, termination fees, postage fees, auction fees, certain structured products, foreign clearing and settlement fees and expenses associated with 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**

Certain Portfolio Managers place all or substantially all of certain types of trades with a broker-dealer other than JPMS for execution, depending on the types of securities traded in an investment strategy. It is not uncommon for investment managers to trade away in fixed income, foreign security and small-cap equity strategies. Investment strategies with such types of securities could be more costly to a client than investment strategies in which Portfolio Managers more commonly place trades with JPMS for execution.

For any Program in which the services of a portfolio manager are offered, in general, Portfolio Managers place orders in fixed income or debt securities with broker-dealers other than JPMS. For these fixed income trades, the client will incur a mark-up, mark-down or spread charged by the other broker-dealer that is not covered by the Fee.

Fixed income securities are primarily traded in dealer markets. These securities are directly purchased from or sold to a financial services firm acting as a dealer (or principal). A dealer executing such trades may include a commission, a markup (on securities it sells), a markdown (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 the client 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.

Clients should review a Portfolio Manager’s Form ADV Part 2A Brochure, ask about a Portfolio Manager’s trading practices, and consider that information carefully before selecting an investment manager and its investment strategy. In particular, clients should carefully consider any additional trading costs associated with a particular Portfolio Manager and investment strategy before selecting them for their wrap fee program account.

When Portfolio Managers place orders with broker-dealers other than JPMS, clients that elect to receive trade confirmations will receive a trade confirmation issued by JPMS that will provide details of the trade as follows: (i) for equity trades, the trade confirmation and account statement will generally indicate “traded away” and will list the commission the client incurred as an additional cost in connection with trading away by a Portfolio Manager; and (ii) fixed income trades will generally indicate “traded away” and show a price for the traded security that is inclusive (i.e., net) of the commission, mark-up or mark-down paid by the client to the other broker-dealer, but it does not break out or otherwise show the amount of the commission, mark-up or mark-down separately. Some fixed income trades, due to operational factors, will not indicate “traded away”; however, all fixed income trades are “traded away” whether or not they are indicated as such.

For more information on trades away from the Firm, refer to “Trading Practices Disclosures for Wrap Fee Programs” available at [chase.com/managed-account-disclosures](https://chase.com/managed-account-disclosures).

#### **g. ADR Fees**

Special tax rules may apply to investments in foreign issuers, including ADRs. For example, one or more issuers in the Portfolio may qualify as a passive foreign investment company or a controlled foreign corporation for U.S. tax purposes, and non-U.S. withholding tax may be imposed on distributions or gains. Also, in certain cases, additional U.S. tax reporting may be required. Shares of foreign companies on foreign exchanges can be purchased and the shares converted to ADRs for client accounts if the total cost of the purchase and conversion is more advantageous than directly purchasing the ADRs. To the extent that a subsidiary of J.P. Morgan assists in the conversion of foreign stock, J.P. Morgan affiliates will receive

additional compensation from the transaction, but the total cost of the purchase and conversion should not exceed the cost if they had originally purchased the ADR in U.S. markets.

If the investment in the Portfolio is made through an IRA, any foreign taxes incurred generally would not be creditable against the client’s U.S. income tax liability. The client is urged to consult their tax advisor regarding investment in non-U.S. entities, including whether they may be eligible for a credit against their U.S. income tax liability for any foreign taxes paid and whether they may be eligible for a lower rate or partial refund of non-U.S. withholding taxes pursuant to one or more applicable income tax treaties. Refer to “Foreign Issuers Risk” for more information.

#### **h. 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. 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.

Clients do not pay any sales charges for purchases of mutual funds in the programs. However, some mutual funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with their prospectuses.

#### **i. 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.

JPMS may offer recruiting and retention packages to certain new or existing Wealth Advisor(s). These packages can be substantial and are generally

based on the business serviced by the Wealth Advisor at JPMS or a prior firm. Such incentives may include sign-on bonuses and or/loan bonus arrangements, equity awards and buyout of forfeited deferred compensation or retention arrangements. We address these conflicts of interest by disclosing them to the client and requiring Wealth Advisors and certain supervisors to review a client's account at account opening to ensure that it is suitable for the client in light of the client's Risk Score.

### 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" as well as JPMS' capacity and willingness to execute the transaction. By recommending the Programs to clients, therefore, JPMS also is recommending itself as broker-dealer.

Although Portfolio Managers have discretion to select brokers or dealers other than JPMS or its affiliates, Portfolio Managers generally place such trades through JPMS because the Fee paid by each client account only covers execution costs on trades executed through JPMS or its affiliates. Execution costs include fees JPMS pays to exchanges and/or regulatory agencies on certain transactions. Certain securities included in portfolios can be less liquid or are traded infrequently. To fulfill its duty to seek best execution of transactions for client accounts, Portfolio Managers (other than advisers in PM) can select broker-dealers other than JPMS or its affiliates to affect a trade for a client account and any execution costs charged by non-JPMS broker-dealers will be paid by the client account. Refer to "Trading Away and Associated Costs" for more detail.

A Portfolio Manager's primary objective in broker-dealer selection is to comply with its duty to seek best execution of orders for clients. Best execution does not necessarily mean the lowest commission or price, but instead involves consideration of a number of factors. In evaluating whether another broker or dealer will provide better execution, Portfolio Managers will take various criteria into consideration in assessing the provider including, but not limited to, its market making ability, net cost or net realization from trade, price per unit of security, reliability and financial stability.

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.

In managing the strategies available through CBP, the Portfolio Manager will generally place orders for CBP 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 CBP 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 CBP. Refer to "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 include, 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 the 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.

### 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 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 the Wealth Advisor 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.

#### j. 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 JPMorgan Chase Deposit Account (the **Deposit Account**) or one or more money market mutual funds that are managed by affiliates of JPMS and a third-party. 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 or if the sweep selected is no longer available. Investment in a non-proprietary model or a Non-Proprietary Strategy Election to exclude J.P. Morgan Funds does not apply to cash balances held in sweep options. 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 JPMorgan Chase Bank, N.A. (**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 JPMorgan 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 will vary based on business and economic conditions and is reset periodically at JPMCB's sole discretion. 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 [jpmorgan.com/sweep](http://jpmorgan.com/sweep). These rates and yields change regularly, so it is prudent to check this website periodically.

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 paid on the deposits 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 [jpmorgan.com/sweep](http://jpmorgan.com/sweep);
- 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 JPMorgan 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 client's Risk Score 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 Investment Manager (**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).

#### *Outsourced Family Office Services (OFO)*

Apart from JPMS' investment advisory services as described in this brochure, JPMS also provides certain administrative services on an outsourced basis to high net-worth families (**OFO**). OFO services can differ based on the needs of the family members but can include coordination, administration and reporting of the family's financial affairs; monitoring of private equity investment returns, capital calls and tax reporting document collection; banking and lending coordination; consultation with and coordination of professional consultants; assistance with multi-

generational tax planning and asset protection techniques; coordination with service providers (including JPMS or its affiliates when engaged in writing to provide investment advisory services); business planning analysis; coordination of risk management analysis by internal and external advisors, including asset-protection considerations, cybersecurity considerations, and life and property/casualty insurance coverage; and guidance on a family's philanthropic goals and causes as well as charitable techniques and structures. Unless otherwise agreed by JPMS in writing, these family office services do not constitute or include investment advice or the provision of fiduciary services.

#### 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 listed below.

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

##### (a) PA and PM

**\$10,000**

##### (b) STRATIS

In general, **\$100,000** for equity strategies; **\$50,000** for investment strategies in Multi-Manager Strategies; and **\$250,000** for fixed income strategies, subject to minimum account requirements imposed by the applicable Portfolio Manager.

##### (c) CBP

**\$250,000** for municipal portfolios and **\$100,000** for taxable accounts. Certain corporate bond portfolios are available with a minimum investment of **\$500,000**.

##### (d) UMA

There is generally no across-the-board minimum account size to participate in UMA. However, depending on investment selections and allocations, minimums will be applied.

##### (e) 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).

##### (f) JPMCAP

**\$10,000** or **\$250,000** for models containing Liquid Alternative Funds. US Endowments & Foundations investment strategy has a minimum investment of **\$1,000,000**.

#### 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

For Program accounts established for retirement plans subject to ERISA and for IRAs (collectively, **retirement accounts**), when providing services under the Programs, JPMS is a "fiduciary" as that term is defined in Section 3(21)(A) of ERISA and/or Section 4975(e)(3)(B) of the IRC with respect to the assets of the retirement accounts invested in the Program. Additionally, for retirement accounts that invest in Programs where JPMPI acts as sub-adviser or Portfolio Manager, JPMPI is a "fiduciary" as that term is defined in Section 3(21)(A) of ERISA and/or Section 4975(e)(3)(B) of the IRC with respect to the assets that it manages in those Programs.

The accounts of employee benefit plans (as defined in ERISA) and retirement plans (as defined in Section 4975(e)(1) of the IRC), 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.

Fees for certain Portfolio Managers or Model Portfolio Providers that are affiliated with JPMS are waived or rebated to client Program accounts that are IRAs or tax-qualified plans. Refer to Item 4ii.a above for more information.

Retirement plan accounts can invest in certain strategies that include affiliated Funds. When applicable, the actual amount of the J.P. Morgan Funds' underlying fees paid to J.P. Morgan and associated with the client's Program account assets will be credited to the relevant account. Refer to Item 4.ii above for more information.

For STRATIS and CBP, for certain strategies, JPMS can designate any strategy or Model Portfolio as the replacement for any retirement plan account.

For UMA, for retirement plan accounts (including IRAs and accounts subject to ERISA) invested in a Joint Discretion Strategy or Model Portfolio that has been removed from the Program, JPMS will not designate an affiliated Joint Discretion Strategy or Model Portfolio as the default replacement. If such a Joint Discretion Strategy or Model Portfolio has been designated as the default replacement for non-retirement plan accounts, JPMS will designate a different, unaffiliated default replacement.

Certain strategies may not be available to retirement accounts. For instance, certain ESG strategies and US Endowments & Foundations strategies are currently not available to retirement accounts.

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

#### 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).

## **v. Cash Balances in Program Accounts**

A portion of Program accounts will be held in cash, cash equivalents or money market funds as part of the overall investment strategy for the account and funds awaiting withdrawal by the client. Cash and cash equivalents, including money market funds, are subject to the Fee. For additional information, refer to “Cash Allocations or Balances and the Sweep Feature” in item 4. Cash raised for withdrawal will be charged both the Fee and the applicable Model Portfolio Provider or Portfolio Manager fee until the cash is removed from the account.

For certain Programs, cash that is not removed from an account in a timely manner will be reinvested pursuant to the selected asset allocation or investment strategy.

## **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 and securities for inclusion in such Programs.

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

#### **PA**

Because PA is an investment advisory Program in which the advice provided to clients is exclusively non-discretionary, though the clients authorize JPMS to identify, review and make available a universe of Program securities, 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 non-discretionary investment advice to clients for their PA accounts on behalf of JPMS. Wealth Advisors participating in PA are 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 their 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 their Program services to that investor.

#### **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 solely 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 investment advisory services previously provided to clients by the candidate; proposal of investment approach 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; and the opinion of the candidate’s manager(s) concerning the candidate’s qualifications for discretionary portfolio management and the growth of their book of business.

Please note that JPMS generally requires a prescribed minimum amount of PM assets under management (**AUM**) for Wealth Advisors to remain in PM, and it reserves the right to remove them from the Program if the AUM falls below this threshold. This requirement creates an incentive for the Wealth Advisors to recommend PM (over other Programs) so that they are able to meet the minimum AUM threshold.

Wealth Advisors participating in PM are required to complete an internal training that provides an overview of the Program and compliance policies and, in certain circumstances, are required to complete third-party training.

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

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 and the ICS Universe. JPMS’ recommendation of UMA is a recommendation of Envestnet as UMA Overlay Manager.

JPMS engages 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 to perform such periodic reviews itself, as described in more detail below. Currently, Researched Products are reviewed by the manager solutions and operational due diligence teams of JPMS or its affiliates as described in “Reviews of Researched Products in all Programs (excluding ICS Non-Researched Portfolio Managers and Strategies).”

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.

### **UMA – Wealth Advisor Discretion**

In certain circumstances, Wealth Advisors are required to complete a third-party training that is essential to administering and managing the accounts.

Approved Wealth Advisors, each as agent for JPMS, manage 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 to manage accounts in UMA. In general, Wealth Advisors are solely responsible for expressing an interest in advising and managing client accounts with discretion in UMA, 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.

JPMS' evaluation of a Wealth Advisor candidate for UMA 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 approach that the candidate intends to implement in UMA, the candidate's knowledge and understanding of relevant Wealth Advisors' 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 advisor(s) concerning the candidate's qualifications for discretionary portfolio management and the growth of their book of business.

Certain Wealth Advisors manage the same securities across different Programs and clients in the different Programs can have different execution experiences depending on the nature of the Program.

#### ***ICS Non-Researched Portfolio Managers and Strategies***

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 their account to a JPMS wrap fee program but remains 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 an ICS Non-Researched Portfolio Manager and/or strategy. 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.

#### ***CBP and JPMCAP***

The Portfolio Manager for CBP 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.

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

For all Programs, if a Wealth Advisor leaves the firm or the Program, or goes on leave of absence, JPMS will typically reassign any affected Program account to one or more other Wealth Advisors, 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 the Programs. 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.

Additionally for PM, 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 from the Programs, in which event any such account is no longer investment advisory in nature and will revert to a client-directed, non-discretionary brokerage account.

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

##### ***Reviews of Researched Products in all Programs (excluding ICS Non-Researched Portfolio Managers and Strategies)***

The manager solutions team is responsible for researching and selecting Researched Products to be included in a Program and for subjecting them to a review process. The due diligence process is designed to subject both JPMIM and non-J.P. Morgan investment strategies to the same process. However, JPMPI and its strategies are reviewed through different processes which are described below.

The manager solutions team applies its discretion when reviewing the Researched Products and is not required to apply all factors equally to each Researched Product in the search universe. J.P. Morgan maintains certain capacity limitations on investment positions in non-J.P. Morgan Funds due to liquidity concerns, regulatory requirements and related internal policies. In circumstances where these limitations mean that JPMS would not be able to invest all desired client assets in a particular non-J.P. Morgan Fund, the manager solutions team will likely recommend a J.P. Morgan Fund. The manager solutions team will begin the search process by defining an applicable universe of investment strategies, which typically will include J.P. Morgan investment strategies when there is one in the desired asset class. The manager solutions team utilizes both quantitative and qualitative factors during its initial review process. There will also be a review of a Researched Product's infrastructure from a non-investment perspective. This review includes the organizational structure, trade life cycle, legal/compliance oversight, information security and systems infrastructure.

The manager solutions and operational due diligence teams then make a formal presentation recommending particular Researched Products, as applicable, to an internal governance committee, which is responsible for approving or rejecting them. The manager solutions team is also responsible for monitoring and re-evaluating approved Researched Products, as applicable, as part of its ongoing review process.

As part of the due diligence process, the manager solutions team of JPMPI or its affiliates applies an eligibility framework that establishes minimum criteria for determining the universe of ESG strategies offered to clients. Strategies that satisfy the ESG eligibility criteria also are subject to the same due diligence and performance review process as all other strategies. Accordingly, these strategies can be selected by J.P. Morgan, in its discretion and as appropriate, for inclusion in any client portfolio.

The manager solutions and operational due diligence teams utilize 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, Researched Products are reviewed via an internally developed quantitative screening process on an ongoing basis (the **Systematic Research Process**). This Systematic Research Process reviews the portfolio manager's organization, investment process, investment philosophy and performance using only quantitative criteria. Researched Products may be removed from a Program or, for certain Programs, as it relates to Funds, can no longer be eligible for purchase if it is determined that they do not meet the criteria set forth in the Systematic Research Process.

Researched Products subject to the Systematic Research Process may also go through the Qualitative Research Process. To the extent that Researched Products are reviewed through both processes, the results of the Qualitative Research Process will override the results of the Systematic Research Process.

Additionally, for ICS, there may be certain products or asset classes that have not been included in the manager solutions teams' 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.

An internal governance committee is responsible for the ongoing monitoring and oversight of Researched Products as approved and available for the Programs. This committee considers analysis and recommendations from the manager solutions team. From time to time, this internal governance committee may place them on probation or terminate them as part of its ongoing monitoring and oversight responsibilities. The internal governance committee review process is generally the same for J.P. Morgan and non-J.P. Morgan investment strategies.

If a Researched Product that is in the Programs is placed on probation, the manager solutions and operational due diligence teams will continue to review the Researched Product during the probation period. 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) for certain Programs that the Researched Product has been closed to new investors. Further review of an affected Researched Product by JPMS and/or the manager solutions team may result in a re-opening to new investors.

In the event a particular Researched Product is removed from a Program, 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 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, 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.

JPMM and its strategies or Model Portfolios are subject to the same selection and review processes conducted by the manager solutions team as the unaffiliated Portfolio Managers and strategies or Model Portfolio Provider and Model Portfolios in the Program, though the manager solutions team applies its discretion and is not required to apply all factors equally to each Fund in the search universe. JPMPI's strategies are subject to the separate though similar review process incorporating similar quantitative and qualitative assessments and implemented by an internal governance committee which provides ongoing oversight of the relevant programs to review compliance with strategy-specific guidelines and

metrics. However, the JPMPI strategy review process does not include a search process to identify a universe and core peer set of strategies from which to select. From time to time, this governance committee may place the relevant programs on probation or terminate them as part of its ongoing monitoring and oversight responsibilities. This committee considers analysis and recommendations from an internal due diligence team separate from the manager solutions team. Refer to the JPMPI Form ADV Part 2A for more information about the applicable research process and its methods of analysis.

**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 (except when JPMS acts as implementation manager for certain Model Portfolios in STRATIS) 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 be provided with the 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 Form ADV or other applicable disclosure document(s).

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 (except when JPMS acts as implementation manager for certain Model Portfolios in STRATIS). 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 Non-Researched Portfolio Managers and Strategies**

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 (**ICS Non-Researched**). 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 in the ICS Non-Researched 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 the ICS Non-Researched 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 Wealth Management Supervision. Ongoing reviews of Wealth Advisors in PA and the accounts they advise typically include reviewing PA accounts presenting a certain risk level, PA accounts with little or no trading activity and PA accounts holding a concentration of securities.

#### **PM**

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 (e.g., STRATIS, UMA etc.).

JPMS reviews all applications for initial and additional modifications to strategies in PM. In addition, JPMS monitors all accounts in PM for adherence to internal Program guidelines and the performance of each Wealth Advisor's investment strategy or strategies, generally in comparison to a relevant benchmark.

For information relating to the day-to-day supervision of Wealth Advisors and the PA and PM accounts they advise generally, 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 and when JPMS acts as implementation manager for certain Model Portfolios in STRATIS, JPMS does not act 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 an 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.

#### **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 a J.P. Morgan affiliate, such as JPMIM or JPMPI; (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 or an affiliate 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 the manager solutions team. From this pool of strategies, J.P. Morgan portfolio construction teams select those strategies J.P. Morgan believes fits its asset allocation goals and forward-looking views in order to meet the portfolio's investment objective.

As a general matter, J.P. Morgan prefers J.P. Morgan managed strategies. J.P. Morgan 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. J.P. Morgan may allocate a significant portion of the assets in JPMCAP or certain strategies of STRATIS 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 JPMS affiliates or by a third-party manager. When 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 and its affiliates are the sponsor or manager of Funds, including ETFs, that can be purchased for accounts. In such case, J.P. Morgan or its affiliates 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. When a retirement account is invested in J.P. Morgan Funds, the retirement account will be credited an amount equal to the account's pro rata share of all such fees paid to J.P. Morgan or its affiliates in connection with the account's investments in J.P. Morgan 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 (except for when the fund is held in a client's account that is an IRA or is governed by ERISA). 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.

#### **Six Circles Funds**

J.P. Morgan developed the J.P. Morgan Six Circles Funds (**Six Circles Funds**) exclusively for use in J.P. Morgan investment advisory accounts. Since October 2018, the Six Circles Funds have been available in Program accounts where JPMPI is sub-adviser.

Six Circles Funds are specifically designed for use in discretionary Program 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 Fund investment portfolios. J.P. Morgan will have certain benefits and efficiencies from investing account assets in the Six Circles Funds instead of unaffiliated Funds; however, J.P. Morgan 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 Six Circles Fund third-party sub-advisers. Six Circles Funds do not pay fees to J.P. Morgan for any other services to the Six Circles Funds. Services to the Six Circles Funds 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 portfolio.) Six Circles Fund shares may only be purchased in Program accounts for which JPMC has investment discretion. Should the client choose to close its discretionary Program account but retain the interest in Six Circles Funds, Six Circles Fund shares must be held through an eligible brokerage account and no new purchases into the Six Circles Funds will be permitted (other than dividend reinvestment). Since the Six Circles Funds are completion portfolios designed to complement and work as part of the overall discretionary

portfolio and are not intended to be standalone investments, each Six Circles Fund may underperform as a standalone investment, even in instances where the overall portfolio performs as intended. Further, the overall performance and liquidity of a Six Circles Fund may be negatively affected, and additional transaction costs may be incurred by the Six Circles Fund, as a result of (i) allocation decisions made by JPMC to shift discretionary client assets among the Six Circles Funds and other investments; and (ii) allocation decisions made by JPMC to shift Six Circles Fund assets among different investment strategies and sub-advisors, which may negatively affect the value of Six Circles Fund shares even if they are no longer held through a JPMC portfolio.

For more information about the Six Circles Funds, including the funds' objectives, risks, charges and expenses, go to [sixcirclesfunds.com/literature](https://sixcirclesfunds.com/literature) or contact your Wealth Advisor for a prospectus. Read the prospectus carefully.

#### **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 their 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. The charts show the difference between the taxable and retirement models in each investment strategy (except for a U.S. Focused model).

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.



	October 6, 2025 – Taxable Models			
JPMCAP Investment Strategy	J.P. Morgan Funds	Non-J.P. Morgan Funds	Six Circles Funds	J.P. Morgan Cash
Aggressive Growth	13.00%	57.00%	29.00%	1.00%
Growth	7.00%	57.00%	35.00%	1.00%
Balanced	6.00%	52.00%	41.00%	1.00%
Conservative	4.00%	59.00%	36.00%	1.00%
Managed Equities	8.00%	26.00%	65.00%	1.00%
Managed Fixed Income	9.00%	61.00%	29.00%	1.00%
U.S. Focused	0.00%	99.00%	0.00%	1.00%
Balanced ESG	4.00%	95.00%	0.00%	1.00%
US Endowments & Foundations	3.00%	96.00%	0.00%	1.00%

	October 6, 2025 – Retirement Models			
JPMCAP Investment Strategy	J.P. Morgan Funds	Non-J.P. Morgan Funds	Six Circles Funds	J.P. Morgan Cash
Aggressive Growth	13.00%	57.00%	29.00%	1.00%
Growth	7.00%	57.00%	35.00%	1.00%
Balanced	6.00%	52.00%	41.00%	1.00%
Conservative	4.00%	59.00%	36.00%	1.00%
Managed Equities	8.00%	26.00%	65.00%	1.00%
Managed Fixed Income	9.00%	61.00%	29.00%	1.00%
U.S. Focused	0.00%	99.00%	0.00%	1.00%
Balanced ESG	4.00%	95.00%	0.00%	1.00%

#### ***Allocation of Affiliated Funds in J.P. Morgan Multi-Manager Strategies in STRATIS***

JPMPI can allocate a significant portion of the assets in a J.P. Morgan Multi-Manager Strategy to J.P. Morgan Funds. That portion varies depending on market or other conditions. There are multiple investment strategies available in the J.P. Morgan Multi-Manager Strategies. Certain investment strategies invest only in Funds, while other investment strategies also utilize Model Portfolio Providers.

The following chart illustrates, as of the date indicated, 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 the J.P. Morgan Multi-Manager Strategies. The chart does not reflect strategies that utilize Model Portfolio Providers.

	October 6, 2025 – J.P. Morgan Multi-Manager Strategies			
J.P. Morgan Multi-Manager Strategies	J.P. Morgan Funds	Non-J.P. Morgan Funds	Six Circles Funds	J.P. Morgan Cash
Dynamic Multi-Asset Strategy	10.00%	88.00%	0.00%	2.00%
Dynamic Multi-Asset Strategy – Non-Prop	0.00%	98.00%	0.00%	2.00%
Dynamic Yield Strategy	28.00%	71.00%	0.00%	1.00%
Emerging Markets Growth and Income Strategy	0.00%	99.00%	0.00%	1.00%
Liquidity Management Strategy	29.00%	70.00%	0.00%	1.00%
Liquidity Management Strategy Retirement	29.00%	70.00%	0.00%	1.00%
Sustainable Equity Strategy	9.00%	90.00%	0.00%	1.00%
Sustainable Fixed Income Strategy	0.00%	99.00%	0.00%	1.00%

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

#### ***Credits for Retirement Accounts holding J.P. Morgan Funds***

If a Program account owned by an IRA, or other client that is a qualified retirement plan subject to the prohibited transaction provisions of Section 4975 of the IRC, holds any J.P. Morgan Funds, the actual amount of the J.P. Morgan Funds' underlying fees paid to J.P. Morgan and associated with Program account assets will be credited to the account. Refer to "Credit of Certain Fees to IRAs and Certain Other Retirement Plan Accounts" above.

#### **v. Allocations of Client Assets to J.P. Morgan Funds (Including New Funds) in JPMCAP and the J.P. Morgan Multi-Manager Strategies in STRATIS**

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, refer to Item 6.ii above for a discussion of the research and review processes that the manager solutions team conducts on Researched Products used in the Programs.

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. equity and income-oriented securities, shares of open and closed end Funds (including those that invest in futures and commodities), interests in 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. Methods of Analysis and Investment Strategies (Model Portfolios of STRATIS)

JPMS acts as implementation manager for certain Model Portfolios in STRATIS that are provided by non-discretionary Model Portfolio Providers

directly to JPMS. When acting as an implementation manager, JPMS generally purchases and sells in the accounts investments that are consistent with the Model Portfolios provided by the Model Portfolio Provider, though JPMS retains investment discretion over the account investments.

#### c. 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 Programs, refer to the applicable Portfolio Manager's Form ADV Part 2A and/or any applicable prospectuses or other relevant disclosure documents. Each client is urged to consult with their 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 account(s).**

#### 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, pandemics or endemics.

**Infectious Disease Risk.** The effects of any future pandemic or other global event to business and market conditions may have a significant negative impact on the performance of the separately managed accounts and J.P. Morgan Fund investments; increase separately managed account and fund volatility; exacerbate preexisting political, social and economic risks to separately managed accounts and J.P. Morgan Funds; and negatively impact broad segments of businesses and populations. In addition, governments, their regulatory agencies or self-regulatory organizations, have taken or may take actions in response to a pandemic or other global events that affect the instruments in which a separately managed account or J.P. Morgan Funds invest, or the issuers of such instruments, in ways that could have a significant negative impact on such account's or fund's investment performance. The ultimate impact of any pandemic or other global events and the extent to which the associated conditions and governmental responses impact a separately managed account or J.P. Morgan Fund will also depend on future developments, which are highly uncertain, difficult to accurately predict and subject to frequent changes.

**Regulatory Risk.** There have been legislative, tax, and regulatory changes and proposed changes that may apply to the activities of JPMS that may require legal, tax and regulatory changes, including requirements to provide additional information pertaining to a client account to the Internal

Revenue Service (**IRS**) or other taxing authorities. Regulatory changes and restrictions imposed by regulators, self-regulatory organizations and exchanges vary from country to country and may affect the value of client investments and their ability to pursue their investment strategies. Any such rules, regulations and other changes, and any uncertainty in respect of their implementation, may result in increased costs, reduced profit margins, and reduced investment and trading opportunities, all of which would negatively impact performance.

**Risks Associated with the Use of Artificial Intelligence (AI) Tools.**

J.P. Morgan relies on programs and systems that utilize AI, machine learning, probabilistic modeling and other data science technologies (**AI Tools**). AI Tools are highly complex and may be flawed, hallucinate, reflect biases included in the data on which such tools are trained, be of poor quality, or be otherwise harmful. J.P. Morgan typically incorporates human oversight to reduce the risk of acting on potentially defective outputs. AI Tools present Data Sources Risk, Cybersecurity Risk and Model Risk (as further described below). The U.S. and global legal and regulatory environment relating to the use of AI Tools is uncertain and rapidly evolving, and could require changes in J.P. Morgan's implementation of AI Tools and increase compliance costs and the risk of non-compliance. Further, J.P. Morgan uses AI Tools developed by third parties, and J.P. Morgan may have limited visibility over the accuracy and completeness of such AI Tools.

**Data Sources Risk.** Although J.P. Morgan obtains data, including alternative 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 has controls for certain data, that, among other things, consider the representations of such third parties with regard to the provision of the data to J.P. Morgan in compliance with applicable laws. J.P. Morgan does not make any express or implied warranties of any kind with respect to such third-party data. J.P. Morgan shall not have any liability for any errors or omissions in connection with any data obtained from third-party sources.

AI Tools often use data feeds from a number of sources. If those data feeds or formats become corrupted, compromised, or discontinued in any material manner, or become undeliverable or inaccessible in a timely manner, the tools will be unable to properly function or its operation may be adversely impacted. The tool's ability to use the data may also be adversely impacted by any change in the format of data delivered or acquired by the tools. The timeliness and quality of a third-party's data may be compromised for a variety of reasons, some of which are outside of the control of J.P. Morgan and the third-party data provider. A tool's ability to process data may also be adversely affected if J.P. Morgan experiences any disruptions to its computing resources or network connections, including disruption of cloud-based computing resources.

**Cybersecurity 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 cybersecurity, 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, including, but not limited to, AI Tools and cloud-based computing resources relating to the operations of J.P. Morgan and its service providers. Cybersecurity risks can 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, the 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 cybersecurity risks in their

own businesses, which could result in losses to J.P. Morgan or its clients. While measures have been developed that are designed to reduce the risks associated with cybersecurity, there is no guarantee that those measures will be effective, particularly since J.P. Morgan does not directly control the cybersecurity defenses or plans of its service providers, financial intermediaries and companies in which they invest or with which they do business. Use of AI tools may lead to increased risks of cyberattacks or data breaches and the ability to launch more automated, targeted and coordinated attacks due to the vulnerability of AI technology to cybersecurity threats.

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

**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.

**LIBOR Discontinuance Risk.** The London Interbank Offering Rate (**LIBOR**) was intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. After the global financial crisis, regulators globally determined that existing interest rate benchmarks should be reformed based on a number of factors, including that LIBOR and other interbank offering rates (**IBOR**) are no longer representative of the underlying markets. New or alternative reference rates have since been used in place of LIBOR. Replacement rates that have been identified include the Secured Overnight Financing Rate (**SOFR**, which is intended to replace U.S. dollar LIBOR and measures the cost of U.S. dollar overnight borrowings collateralized by treasuries) and the Sterling Overnight Index Average rate (**SONIA**, which is intended to replace pound sterling LIBOR and measures the overnight interest rate paid by banks in the sterling market). Markets are slowly developing in response to these new rates. As a result of the benchmark reforms, publication of all LIBOR settings has ceased, and J.P. Morgan and the funds and accounts it manages have generally transitioned to successor or alternative reference rates as necessary. Although the transition process away from IBORs for most instruments has been completed, 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, which may affect the value, volatility, 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 changing reference rates used

for positions, closing out positions and entering into new trades. The transition from LIBOR to alternative reference rates may result in operational issues for a fund or a client account or their investments. Moreover, certain aspects of the transition from IBORs will rely on the actions of third-party market participants, such as clearing houses, trustees, administrative agents, asset servicers and certain service providers; no assurances can be given as to the impact of the transition away from LIBOR on a fund or other client account or their investments. These risks may also apply with respect to changes in connection with other IBORs (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 JPMS. 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 indices 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 indices. Affiliates of JPMS may develop or own and operate stock market and other indices based on investment and trading strategies developed by such affiliates. Affiliates of JPMS may also assist unaffiliated entities in creating indices that are tracked by certain ETFs or certain client accounts utilized by J.P. Morgan. Some of the ETFs advised by affiliates of JPMS (**J.P. Morgan ETFs**) seek to track the performance of certain of these indices. In addition, J.P. Morgan may manage client accounts that track the same indices used by the J.P. Morgan ETFs or that may be based on the same, or substantially similar, strategies that are used in the operation of the indices and the J.P. Morgan ETFs. The operation of the indices, the J.P. Morgan ETFs and client accounts in this manner may give rise to potential conflicts of interest. For example, client accounts that track the same indices used by the J.P. Morgan ETFs may engage in purchases and sales of securities relating to index changes to a time different to the implementation of index updates or J.P. Morgan ETFs engaging in similar transactions because the client accounts may be managed and rebalanced on an ongoing basis, whereas the J.P. Morgan ETFs' 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 or less favorable performance relative to that of the index and the J.P. Morgan ETFs or other client accounts that track the index. Furthermore, JPMS may, from time to time, manage client accounts that invest in these J.P. Morgan ETFs. Other potential 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 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 coordinating the development and governance of the indices and those involved in decision-making for the ETFs and index mutual funds.

#### **Risks That Apply Primarily to ESG/Sustainable Investing Strategies**

Investment approaches that incorporate ESG considerations or sustainable investing can include additional risks. ESG or sustainable investing strategies (together, **ESG Strategies**), including ESG separately managed accounts, mutual funds and ETFs can limit the types and number of investment opportunities and, as a result, could underperform other strategies that do not have an ESG or sustainable focus. ESG Strategies can follow different approaches. For example, some ESG Strategies select companies based on positive ESG characteristics while others may apply screens in order to exclude particular sectors or industries from a portfolio. Certain strategies focusing on a particular theme or sector can be more concentrated in particular industries or sectors that share common characteristics and are often subject to similar business risks and regulatory burdens. Because investing on the basis of ESG/sustainability criteria can involve qualitative and subjective analysis, there can be no assurance that the methodology utilized by or determinations made by J.P. Morgan, or an investment manager or investment adviser selected by J.P. Morgan, will align with the beliefs or values of the client. Additionally, other investment managers and investment advisers, including JPMIM, can have a different approach to ESG or sustainable investing and can offer ESG Strategies that differ from the ESG Strategies offered by J.P. Morgan with

respect to the same theme or topic. In addition to the ESG Strategies, J.P. Morgan also offers investment products that utilize ESG criteria in developing the product while seeking to maximize financial return.

When evaluating investments, an investment manager or investment adviser is dependent upon information and data that might be incomplete, inaccurate or unavailable, which could cause the manager/adviser to incorrectly assess an investment's ESG or sustainable attributes. In making investment decisions, the Portfolio Manager uses data and information, including, but not limited to, industry classifications, industry grouping, ratings, scores and issuer screening provided by third-party data providers or by a J.P. Morgan affiliated service provider. J.P. Morgan does not review, guarantee or validate any third-party data, ratings, screenings or processes. Such data and information will not have been validated by J.P. Morgan and can therefore be incomplete or erroneous.

ESG and sustainable investing are not uniformly defined concepts, and scores or ratings may vary across data providers that use similar or different screens based on their process for evaluating ESG characteristics. Investments identified by the Portfolio Manager as demonstrating positive ESG characteristics might not be the same investments identified by other investment managers in the market that use similar ESG screens or methodologies. In addition, investments identified as demonstrating positive ESG characteristics at a particular point in time might not exhibit positive or favorable ESG characteristics across all relevant metrics or methodologies or on an ongoing basis. ESG or sustainable investing practices differ by asset class, country, region and industry and are constantly evolving. As a result, a company's ESG or sustainability-related practices and the Portfolio Manager's assessment of such practices could change over time.

The ESG or sustainable solutions offered by J.P. Morgan meet our internally developed criteria for inclusion in the ESG Strategies available to clients, which, where applicable, take into account ESG or sustainable investing regulations. As part of the due diligence process, the manager solutions team of JPMPI or its affiliates applies an eligibility framework that establishes minimum criteria for determining the universe of ESG Strategies offered to clients. Strategies that satisfy the ESG eligibility criteria also are subject to the same due diligence and performance review process as all other strategies. Accordingly, these strategies can be selected by J.P. Morgan, in its discretion and as appropriate, for inclusion in any client portfolio.

The evolving nature of sustainable finance regulations and the development of jurisdiction-specific legislation setting out the regulatory criteria for a "sustainable investment" or "ESG" investment mean that there is likely to be a difference in the regulatory meaning of such terms. This is already the case in the European Union where, for example, under the Sustainable Finance Disclosure Regulation (EU) (2019/2088) (SFDR), certain criteria must be satisfied in order for an investment to be classified as a "sustainable investment."

Unless otherwise specified and where permitted by applicable law, any references to "sustainable investing" or "ESG" in this material are intended as references to our internally developed criteria only and not to any jurisdiction-specific regulatory definition.

### Category Restrictions and Exclusions Risks

Restrictions and exclusions can affect the investment manager's ability to make investments or take advantage of opportunities that may be available to clients that do not choose similar restrictions and, as a result, investment performance could suffer. In order to implement category restrictions, J.P. Morgan or the Portfolio Manager may rely on information about a company, industry classification, industry grouping and/or issuer screening provided by J.P. Morgan, an affiliated service provider or a third-party.

Category restrictions aim to screen companies that engage in certain behaviors or earn revenue derived from a restricted category; however, 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 for that client.

Third-party managers or programs may apply category restrictions differently than J.P. Morgan or its affiliates and use different data, data providers and methodologies; therefore, the selection of restricted securities and the number of restricted securities may differ in the same category. Category restrictions require assumptions, opinions and the subjective judgment of a data provider that might not reflect J.P. Morgan's views or values and/or the views or values of the client. Further, use of a particular data source from an organization does not mean that J.P. Morgan endorses all the activities of that organization. Additionally, data providers will have conflicts of interest when receiving compensation from or providing services to companies that use or obtain their ratings. J.P. Morgan does not review, guarantee or validate any third-party data, ratings, screenings or processes. Moreover, issuer screenings and processes to implement category restrictions are not absolute and could be discontinued or changed at any time, including, but not limited to, changes to industry sector definitions, parameters, ownership categories, revenue calculations and estimations that could result in the portfolio holding investments in companies that derive revenue from the restricted category. If there is a change in the screening methodology or processes used to implement category restrictions, it could lead to trading in the account, which could trigger a taxable event.

The application of category restrictions varies by asset class. Restrictions are not available for all strategies, and J.P. Morgan or the Portfolio Manager can reject a restriction if it deems the restriction to be unreasonable or not in line with the strategy. The number of restrictions that a client can select are limited based on the potential impact to the applicable strategy and potential deviation from the strategy's model. Only those restrictions that can be applied by J.P. Morgan or the Portfolio Manager will be applied to the client's portfolio.

Any faith-based restrictions will exclude multiple categories selected by a third-party provider based generally on the values and norms of such groups; however, such restrictions will not completely represent or fully align with the client's values or religious beliefs.

For client portfolios that can hold Funds, the client cannot prohibit or restrict a Portfolio Manager from investing in specific securities or types of securities that are held within any Fund. Category 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 client restrictions would not have any practical effect on an account comprised primarily of Fund investments.

**Liquid Alternative Funds.** 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 have higher total expense ratios (plus higher annual operating expenses) than traditional mutual funds.

**Risks of Investing in Structured Products.** In certain Programs, clients may 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.

#### **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 will experience rapid earnings growth relative to value or other types of stocks. The value of these stocks generally is much more sensitive to current or expected earnings than stocks of other types of companies. Short-term events such as a failure to meet industry earnings expectations can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks 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 according to the Wealth Advisor's or Portfolio Manager's estimate of the company's true worth. A Wealth Advisor or Portfolio Manager that engages in value investing selects stocks at prices that it believes are temporarily low relative to factors such as the company's earnings, cash flow or dividends. A value stock 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.** "Interest rate risk" refers to the risk associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). Fixed rate securities increase or decrease in value based on changes in interest rates. If rates increase, the value of these investments generally declines. On the other hand, if rates fall, the value of these investments generally increases. Securities with greater interest rate sensitivity and longer maturities generally are subject to greater fluctuations in value. Variable and floating rate (i.e., adjustable) 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 governmental and tax policies, central bank monetary policy (such as an interest rate increase by the Federal Reserve), domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements, rising inflation rates, general economic conditions and other factors beyond the control of JPMS. It is difficult to accurately predict the pace at which interest rates will change or the timing, frequency or magnitude of any such changes. Any such changes could be sudden and could expose debt markets to significant volatility and reduced liquidity for securities.

Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. This risk will be greater for long-term securities than for short-term securities. While for certain accounts JPMS may from time to time seek to hedge interest rate risks (including through investments in treasury securities or derivative instruments), there is no assurance that such measures, to the extent implemented, will be effective.

**Credit Risk.** There is a risk that issuers and/or counterparties will not make payments on securities and instruments when due or will default completely. Such default could result in losses. In addition, the credit quality of securities and instruments 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 or instrument, affect liquidity and make it difficult to sell the security or instrument. Certain strategies may invest in securities or instruments that are rated in the lowest investment grade category. Such securities or instruments are also considered to have speculative characteristics similar to high yield securities, and issuers or counterparties of such securities and instruments are more vulnerable to changes in economic conditions than issuers or counterparties of higher-grade securities and instruments. Prices of fixed income securities will be adversely affected and credit spreads will increase if any of the issuers 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.** Some strategies invest in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae) or the Federal Home

Loan Mortgage Corporation (Freddie Mac)). U.S. government securities are subject to market risk, interest rate risk and credit risk. Securities, such as those issued or guaranteed by Ginnie Mae or the U.S. Treasury, that are backed by the full faith and credit of the United States are guaranteed only as to the timely payment of interest and principal when held to maturity. Notwithstanding that these securities are backed by the full faith and credit of the United States, 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. A number of municipalities have had significant financial problems recently, and these and other municipalities could, potentially, continue to experience significant financial problems resulting from lower tax revenues and/or decreased aid from state and local governments in the event of an economic downturn. Under some circumstances, municipal obligations might not pay interest unless the state legislature or municipality authorizes money for that purpose. Some securities, including municipal lease obligations, carry additional risks. For example, they may be difficult to trade or interest payments may be tied only to a specific stream of revenue. Municipal bonds may be more susceptible to downgrades or defaults during recessions or similar periods of economic stress. Factors contributing to the economic stress on municipalities may include lower property tax collections as a result of lower home values, lower sales tax revenue as a result of consumers cutting back spending, and lower income tax revenue as a result of a higher unemployment rate. In addition, since some municipal obligations may be secured or guaranteed by banks and other institutions, the risk to an investor could increase if the banking or financial sector suffers an economic downturn and/or if the credit ratings of the institutions issuing the guarantee are downgraded or at risk of being downgraded by a national rating organization. If such events were to occur, the value of the security could decrease or the value could be lost entirely, and it may be difficult or impossible for an investor to sell the security at the time and the price that normally prevails in the market.

Interest on municipal bonds is generally exempt from federal income tax. The interest payments may also be exempt from state and local taxes if you reside in the state where the bond is issued. If a client invests in municipal bonds in a state other than the state of the client's residence, the client may not receive the state income tax benefits. Additionally, the interest rate for municipal bonds is usually lower than on taxable fixed-income securities such as corporate bonds. Clients investing in municipal bonds should consider consulting a tax professional to discuss the tax implications of investing in municipal bonds, including the possibility that the bonds may be subject to the federal alternative minimum tax and may not be eligible for state income tax benefits.

## OTHER MISCELLANEOUS RISKS

**Key Personnel Risk.** If one or more key individuals become unavailable, including any of the portfolio managers of an investment strategy, who are

important to the management of the portfolio's assets, the portfolio could suffer material adverse effects, including substantial share redemptions that could require the portfolio to sell portfolio securities at times when markets are not favorable.

**Liquidity Risk.** Investments in some equity and privately placed securities, structured notes or other instruments can be difficult to purchase or sell, possibly preventing the sale of these illiquid securities at an advantageous price or when desired. A lack of liquidity can also cause the value of investments to decline, and the illiquid investments can also be difficult to value. Additionally, there may be no market for a fixed income instrument, and the holder may not be able to sell the security at the desired time or price. Even when a market exists, there may be a substantial difference between the secondary market bid and ask prices for a fixed income instrument.

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

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

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

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

**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, expropriation and nationalization risks, sanctions or other measures by the United States or other governments, currency fluctuations, higher transactions costs, delayed settlement, possible foreign controls on investment, 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.”

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

**Currency Risk.** Changes in foreign currency exchange rates will affect the value of certain portfolio securities. Generally, when the value of the U.S. dollar rises in value relative to a foreign currency, an investment impacted by that currency loses value because that currency is worth less in U.S. dollars. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates. Devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets, may be riskier than other types of investments, and may increase the volatility of a portfolio.

**Derivatives Risk.** Funds in a client portfolio may use derivatives. Derivatives, including forward currency contracts, futures, options and commodity-linked derivatives and swaps, 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. Many derivatives create leverage thereby causing a portfolio to be more volatile than it would have been if it had not been exposed to such derivatives. Derivatives also expose a portfolio to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including the credit risk of the derivative counterparty. Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, an investor does not have a claim on the reference assets and is subject to enhanced counterparty risk. Derivatives may not perform as expected, so an investor may not realize the intended benefits. The possible lack of a liquid secondary market for derivatives and the resulting ability to sell or otherwise close a derivatives position could expose a portfolio to losses. Additionally, certain derivatives are subject to position limits imposed by regulators, and JPMS will not be able to obtain additional exposure if these limits are reached. When used for hedging, the change in value of a derivative may not correlate as expected with what is being hedged. In addition, given their complexity, derivatives expose an investor to risks of mispricing or improper valuation.

**Hedging Risk.** Hedging strategies could involve a variety of derivative transactions, including transactions in forward, swap, and option contracts or other financial instruments with similar characteristics, including, without limitation, forward foreign currency exchange contracts, currency and interest rate swaps, options and short sales (collectively, **Hedging Instruments**). The use of Hedging Instruments could require investment techniques and risk analyses different from those associated with other portfolio investments including securities and currency hedging transactions. The risks posed by these transactions include, but are not limited to, interest rate risk; market risk; the risk that these complex instruments and techniques will not be successfully evaluated, monitored or priced; the risk that counterparties will default on their obligations; liquidity risk; and leverage risk. Changes in liquidity can result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while

the accounts might benefit from the use of Hedging Instruments, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for the accounts than if they had not used such Hedging Instruments.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of those positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value. While these transactions can reduce the risks associated with an investment, the transactions themselves entail risks that are different from, and possibly greater than, the risks associated with other portfolio investments.

**Cash or Margin Transactions.** JPMS is responsible for compliance with federal margin rules. With a cash account, if securities are sold before the payment for their purchase has settled, an event known as a “free-riding” violation has occurred. Freeriding is prohibited under Federal Reserve Board Regulation T and our Program guidelines. Having a “free-riding” violation may result in a client's account being restricted for 90 days or “frozen.” The imposition of such a freeze could have a negative effect on a client's account and performance. Under certain circumstances and for certain Program strategies, clients may use margin in respect of a client's account assets. For such accounts, clients must have executed the relevant margin agreement.

As disclosed in a client's securities account agreement, if clients use margin to purchase securities, the collateral for the margin debit will be the assets in a client's portfolios and other accounts at JPMS. The costs, risks and other features and conditions of margin and other types of securities-based lending are fully described in the securities account agreement.

Before opening an account, a client should carefully review the FINRA Margin Disclosure Statement at [finra.org/sites/default/files/InvestorDocument/p005895.pdf](http://finra.org/sites/default/files/InvestorDocument/p005895.pdf).

**Options.** Clients may 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. Investing or trading in uncovered options is therefore appropriate only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. 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. Clients assume full responsibility for writing uncovered options and selling stock short, including the possibility of incurring unlimited losses, and may discontinue writing options and short selling at any time. Options overlay strategies may be adversely affected by market behavior or unexpected events. Like with any

strategy, no assurances can be given that options overlay strategies will accomplish their objectives.

Before investing or trading in options, an investor should read and understand the JPMS *Options Account Application and Agreement* (including the “Special Statement for Uncovered Option Writers” contained in that Agreement, and a current copy of the “Characteristics and Risks of Standardized Options” Disclosure Document, which are available from your Wealth Advisor or at [theocc.com/company-information/documents-and-archives/options-disclosure-document](http://theocc.com/company-information/documents-and-archives/options-disclosure-document).)

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

**Leveraged, Inverse and Other Non-Traditional ETFs and Mutual Funds.** Although JPMS does not generally permit the recommendation and/or purchase of leveraged, inverse and volatility Funds for Program accounts, certain Program clients may have already been invested in or may wish to invest in such non-traditional Funds. Like traditional Funds, non-traditional 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 non-traditional 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. MLPs could generate taxable income in retirement accounts.

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. Also, 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.** Clients may concentrate account assets in a region, a small group of countries, or 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. If the Portfolio Manager assembles a concentrated position in an account, the client assumes the risk of a substantial loss in value to the entire account if there is a decline in the concentrated position or industry sector. Other risks of holding concentrated positions include substantial loss in an account based upon the loss in value of a single security or industry sector and the impact that a large, concentrated position will have on the manager’s ability to diversify the account.

**Short Sales.** Clients may sell securities short as a regular part of their investing activities. In a short sale, an individual sells securities it does not own. Clients may 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 as stated 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.

#### **Tax Risks and Risks That Apply to Tax-Aware or Tax-Managed Strategies**

Account transactions may give rise to tax liability for which the client is responsible. Funds may make large distributions of income and capital gains to investors at various times in a calendar year, and the client will be liable for taxes on such distributions without regard to the date of the client's investment in a portfolio.

Tax Harvesting (as defined below) will cause your account holdings to differ from those accounts that do not utilize Tax Harvesting; therefore, your account performance will differ. There is no guarantee that Tax Harvesting will perform as expected or that specific benefits will be obtained for any particular client. The implementation of Tax Harvesting may have an adverse effect on investment performance and result in adverse tax consequences including, but not limited to, gains derived from the sale of the security held during the wash sale period. Further, the tax consequences of Tax Harvesting may be challenged by the Internal Revenue Service or any other tax authority. In addition, Tax Harvesting may not achieve the intended reduction in tax liability for non-U.S. and tax-exempt investors.

Neither J.P. Morgan nor its representatives or affiliates offer tax or accounting advice or services, and the client should not solicit or rely upon any such advice from them. J.P. Morgan and its affiliates do not provide tax advice and clients should consult their own tax professional with respect to the impact of Tax Harvesting and federal, state and local tax consequences of investing in any portfolio, including, without limitation, the potential application and impact of Section 1091 of the Internal Revenue Code and the corresponding Treasury regulations (the **wash sale rules**) with respect to their portfolio and their accounts with or outside of J.P. Morgan.

The client agrees that they are responsible for complying with all applicable tax rules, including, but not limited to, the wash sale rules, and clients are responsible for all tax consequences attributable to the disallowance of any losses under the wash sale rules. Further, certain investments may generate unwanted excise taxes, income taxes and penalties under the Internal Revenue Code of 1986, as amended, any or all of which may affect the client's return on investment and, if applicable, a client's tax-exempt status.

Clients have the ability to select tax-managed or tax-aware strategies (each such strategy, a **Tax-Managed** strategy), which can include strategies managed by affiliates of JPMS. There are risks and limitations associated with all Tax-Managed strategies, and these limitations may result in tax-inefficient trades and wash sales. Tax management is not tax advice and may not achieve the intended results. Although a tax-aware or Tax-Managed strategy may reduce client's taxable income, it will not eliminate it. A Tax-Managed strategy may require trade-offs that reduce pre-tax income. Managing a strategy to maximize after-tax returns may also potentially have a negative effect on a strategy's performance. As a result of tax considerations, the portfolio may dispose of certain securities or fail to acquire certain securities, which could adversely impact pre-tax returns. In addition, the deductibility of losses recognized within the Portfolio may be subject to certain limitations depending on your particular circumstances, such as investments you make outside the portfolio and the aggregate net capital losses you recognize during the year. You should speak with your own tax professional regarding the proper treatment of transactions in the portfolio. To the extent tax consequences are considered in managing a strategy, the strategy's or fund's pre-tax performance may be lower than that of a similar strategy that is not tax managed.

**Tax Harvesting.** As part of its investment management services, J.P. Morgan has the ability to sell certain investments at a gain or loss to potentially offset a client's tax liability (**Tax Harvesting**) at its discretion. Additionally, for certain strategies on certain platforms, clients can request that J.P. Morgan engage in Tax Harvesting on a client's behalf. While utilizing Tax Harvesting, client account holdings can differ from those accounts that do not utilize Tax Harvesting, and therefore, a client's performance will likely differ. J.P. Morgan has limitations on the Tax Harvesting requests that it can accommodate and may or may not accept a client's request for Tax Harvesting, in whole or in part, at their discretion.

In a Tax-Managed strategy, the manager can engage in Tax Harvesting from positions which have experienced a capital loss. In certain market conditions, or when portfolio positions have not otherwise experienced

capital losses during the relevant tax period, Tax Harvesting opportunities will be limited.

The manager of a Tax-Managed strategy may change the strategy's parameters, including the manner and frequency of Tax Harvesting, at any time without notice. Generally, such strategy entails a repurchase of the sold security or vehicle after the "wash sale" (i.e., 30-day) period. Generally, under the wash sale rules, if a client sells a security for a loss and the client repurchases the same (or a substantially identical) security either 30 days before or 30 days after the date of the sale, the loss is disallowed. However, the wash sale rules apply to transactions in not only that account but also to transactions in all other accounts held by the client, the client's spouse and certain entities controlled by them (**related parties**), whether these accounts are held with JPMS or its affiliates for other financial institutions. Tax-Managed strategies will not necessarily consider trading activity in all of these other securities accounts, and it is the client's responsibility to comply with the wash sale rules with respect to such accounts. Additionally, Tax-Managed strategies are not customized to a client's specific tax circumstances; incorrect assumptions about tax attributes and transactions outside of the strategy may lead to inefficient tax management.

Assets will generally be invested in Funds during the wash sale period. Funds are investment companies and have certain embedded costs, including portfolio management fees, of which the client will bear a proportionate share while invested in the Fund. Such costs are in addition to other advisory or management fees charged to the client. The client is responsible for understanding the merits and consequences of Tax Harvesting.

**REITs Risk.** The value of real estate securities in general, and REITs in particular, are subject to similar risks as direct investments in real estate and mortgages, and their value will be influenced by many factors including the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. There is no public trading market for private or public non-traded REITs; therefore, such REITs may be more volatile and/or more illiquid than publicly traded REITs and other types of equity securities.

#### 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 adviser (or another party).

#### viii. Voting Client Securities

##### PA

JPMS does 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 their Wealth Advisor with questions about a particular proxy solicitation but JPMS is expressly precluded from taking any action or rendering any advice to any client in PA 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 is 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 of is available to Program clients upon request.** Information relating to ISS and its services is available on the ISS website at [issgovernance.com](http://issgovernance.com) and the ISS Form ADV Part 2A Brochure is available on the SEC's website at [adviserinfo.sec.gov](http://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 their 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 their 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.

**CBP, UMA and ICS, as well as certain Strategies in the STRATIS Program with a Portfolio Manager providing discretionary investment management in separately managed accounts**

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. The 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 the 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 and certain Strategies in the STRATIS Program for which JPMS acts as implementation manager implementing a Model Portfolio**

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. 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 clients can 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 (or other guidelines that the Proxy Service has been instructed to use for particular investment strategies), 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 [issgovernance.com](http://issgovernance.com). The ISS advisory brochure is available at the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The Proxy Service's 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, Attn: Proxy Voting Opt Out, Mail Code: IL1-0291, PO Box 1762, Chicago, IL 60690. If a client revokes their 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 they 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.

**Corporate Actions**

For clients in PM, the Wealth Advisor may, in its discretion (but is not required), act on voluntary corporate actions with respect to securities in the client's account. For clients in CBP, STRATIS and ICS, the Portfolio Manager shall take appropriate action with respect to corporate actions in the client's Account. For clients utilizing UMA, the Overlay Manager or Joint Discretion Manager shall take appropriate action with respect to corporate actions for securities in the portion of the client's account allocated to such manager. For clients in JPMCAP, JPMPI will receive and respond to

corporate actions with respect to securities in a client's account. Corporate actions for a client's account can include 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 the Portfolio Manager 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 the Portfolio Manager 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 and Issuer-Related Material Delivery for Discretionary Accounts (PM, JPMCAP, J.P. Morgan Multi-Manager Strategies in STRATIS, UMA - Wealth Advisor Discretion)**

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; 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.

- 1) 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 4o(1)(B) of the Commodity Exchange Act (**CEA**) and Regulation 4.41(a)(2) by failing to fully disclose to certain clients its preferences for investing certain discretionary portfolio assets in certain commodity pools or exempt pools, namely (a) investment funds operated by 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, go to [sec.gov/litigation/admin/2015/33-9992.pdf](http://sec.gov/litigation/admin/2015/33-9992.pdf).

- 2) 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, which was paid on August 1, 2016.
- 3) 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 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.

- 4) 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.
- 5) 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.
- 6) In September 2020, JPMS, together with JPMC and JPMCB (collectively, **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.

- 7) On January 16, 2024, JPMS entered into a settlement with the SEC resulting in the SEC issuing an administrative order (the **Order**). JPMS consented to the entry of the Order, which found that JPMS willfully violated Rule 21F-17(a) under the Securities Exchange Act of 1934 (the **Exchange Act**). The Order arose out of JPMS, from 2020 through July 2023, asking certain clients and customers to whom it had issued a credit or settlement over \$1000 in value to sign a confidential release agreement that required the clients to keep confidential the release agreement and all information relating to the specified account at JPMS. The confidential release agreement neither prohibited nor restricted clients from responding to any inquiry about the confidential release agreement or its underlying facts from FINRA, the SEC, or any other government entity or self-regulatory organization, or as required by law, but did not permit voluntary communications with such regulators. The Order censured JPMS and directed JPMS to cease-and-desist from committing or causing any violations and any future violations of Rule 21F-17(a) under the Exchange Act. Additionally, the Order required JPMS to pay a civil money penalty in the amount of \$18,000,000. JPMS has paid the civil monetary penalty in accordance with the terms of the Order.
- 8) On October 31, 2024, JPMS entered into a settlement with the SEC resulting in the SEC issuing an administrative order (the **Order**). JPMS consented to the entry of the Order, which found that JPMS willfully violated Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 (**Advisers Act**) and Rule 206(4)-7 thereunder. The Order arose out of JPMS, from at least July 2017 until October 11, 2024, failing to fully and fairly disclose the financial incentive of itself and certain of its financial advisors to recommend a certain advisory program – the Portfolio Manager Program – over other advisory programs offered by JPMS that use third-party managers. The Order also found that JPMS failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with the disclosure of conflicts of interest presented by the fee structure of the advisory programs for itself and its financial advisors. The Order censured JPMS and directed JPMS to cease-and-desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Additionally, the Order required JPMS to pay a civil money penalty in the amount of \$45,000,000. JPMS has paid the civil monetary penalty in accordance with the terms of the Order.

## 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 investment advisory business or to 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.

The use of affiliates to provide services to clients creates certain conflicts of interest for JPMS, JPMIM and JPMPI. Among other things, there are financial incentives for JPMS, JPMIM and JPMPI (and their affiliates), including their parent company, JPMC, to favor affiliated service providers over non-affiliated service providers, and compensation of supervised persons of JPMS, JPMIM and JPMPI generally is directly or indirectly related to the financial performance of J.P. Morgan.

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

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 Funds rather than unaffiliated Funds, and in certain account types and 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. 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; and

- When retirement plan accounts can invest in strategies that include affiliated Funds, the actual amount of the J.P. Morgan Funds' underlying fees paid to J.P. Morgan and associated with the client's Program account assets will be credited to the relevant client account. 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.

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 came 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 prior to October 1, 2009, JPMS consented to the security being held in the Program account and typically treats the security as an ineligible security (however, fees can still be applied). In such cases, JPMS' treatment of the security is communicated to the Program client.

### **3. JPMorgan Chase Bank, N.A. (JPMCB)**

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. 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. Wealth Advisors may act as a representative of a J.P. Morgan investment adviser, Registered Representative and/or bank employee at the same time depending on, for example, the types of accounts a client holds. The fact that they do so does not mean that our brokerage or banking relationships are advisory ones or that our fiduciary duty as an investment adviser extends to brokerage accounts or to products or services facilitated or offered by JPMCB.

Wealth Advisors may also receive compensation in connection with JPMCB bank deposit products held outside of the Programs, such as checking accounts, savings accounts and bank certificates of deposits (CDs), which is typically based on a fixed percentage of the balance of the bank deposit product. Depending on the rate of the Program Fee, a Wealth Adviser's compensation from JPMCB bank deposit products may be more or less than the compensation the Wealth Advisor would receive from an equivalent balance in a Program account. The amount of compensation paid to a Wealth Advisor on JPMCB bank products will typically be more than the amount of compensation paid to a Wealth Advisor on an equivalent balance in a deposit sweep, J.P. Morgan Premium Deposit or money market fund held in a brokerage account.

### **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 Program client accounts can directly or indirectly invest. J.P. Morgan is typically entitled to compensation in connection with these activities and the Program's clients will not be entitled to any such compensation. In providing services and products to clients other than 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. Furthermore, in certain circumstances, J.P. Morgan persons issue recommendations on securities held in accounts advised or sub-advised by JPMS that are contrary to the investment activities of JPMS. In addition, certain clients of J.P. Morgan may invest in entities in which J.P. Morgan holds an interest, including a collective investment trust, or other pooled investment vehicle managed by a J.P. Morgan affiliate. In providing services to its clients and as a participant in global markets, J.P. Morgan from time to time recommends or engages in activities that compete with or otherwise adversely affect a program client account or its investments. It should be recognized that such relationships can preclude Program clients from engaging in certain transactions and can also restrict investment opportunities that would otherwise be available to Program clients. For example, J.P. Morgan is often engaged by companies as a financial adviser, or to provide financing or other services, in connection with commercial transactions that are indirectly potential investment opportunities for Program clients. There are circumstances in which advisory accounts are precluded from participating in such transactions as a result of J.P. Morgan's engagement by such companies. J.P. Morgan reserves the right to act for these companies in such circumstances, notwithstanding the potential adverse effect on Program clients. In addition, J.P. Morgan derives ancillary benefits from providing investment advisory, custody, administration and other services to Program clients, and providing such services to program clients may enhance J.P. Morgan's relationships with various parties, facilitate additional business development, and enable J.P. Morgan to obtain additional business and generate additional revenue.

The following are descriptions of certain additional conflicts of interest and potential conflicts of interest that 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 that are limited and/or prohibited by law and are conducted under an available exception.

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 financial 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 JPMS 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 themselves from participating in a transaction or cause JPMS, a corporation, investment

fund manager or other institution to determine that it (or its client) is unable to pursue a 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.

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

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

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

Potential conflicts of interest may also arise as a result of JPMS' current policy to seek to manage its clients' accounts so that the various requirements and liabilities imposed pursuant to Section 16 of the Securities Exchange Act of 1934 (**Section 16** and the **Exchange Act**, respectively) are not triggered. Section 16 applies to, among other things, "beneficial owners" of 10% or more of any security subject to reporting under the Exchange Act. In addition to certain reporting requirements, Section 16 also imposes on such "beneficial owner" a requirement to disgorge of "short-swing" profits derived from the purchase and sale or sale and purchase of the security, executed within a 6-month period. JPMS may be deemed to be a "beneficial owner" of securities held by its advisory clients. Consequently, and given the potential ownership level of the various accounts and funds managed by JPMS for its clients, JPMS may limit the amount, or alter the timing, of purchases of securities, in order not to trigger the foregoing requirements. As a result, certain contemplated transactions that otherwise would be consummated by JPMS on behalf of its clients will not take place, will be limited in their size, or will be delayed.

Furthermore, JPMS has adopted policies and procedures reasonably designed to ensure compliance with economic and trade sanctions-related obligations applicable to its activities (although such obligations are not necessarily the same obligations that its clients are subject to). Such economic and trade sanctions prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. These economic and trade sanctions, and the application by JPMS of its compliance policies and procedures in respect thereof, may restrict or limit a client's account's investment activities. In addition, J.P. Morgan from time to time subscribes to or otherwise elects to become subject to investment policies on a firm-wide basis, including policies relating to environmental, social and corporate governance. JPMS may also limit transactions and activities for reputational or other reasons, including (i) when J.P. Morgan provides or may provide advice or services to an entity involved in such activity or transaction; (ii) when J.P. Morgan or a client is or may be engaged in the

same or a related activity or transaction to that being considered on behalf of the client account; (iii) when J.P. Morgan or a client account has an interest in an entity involved in such activity or transaction; or (iv) when such activity or transaction on behalf of or in respect of the client account could affect J.P. Morgan, JPMS, their clients or their activities. J.P. Morgan may also become subject to additional restrictions on its business activities that could have an impact on Program client accounts' activities. In addition, JPMS may restrict its investment decisions and activities on behalf of particular client accounts and not other accounts.

#### **7. Conflicts of Interest Related to Ownership Interest in J.P. Morgan Stock**

Certain unaffiliated asset management firms (each, an **unaffiliated asset manager**) through their funds and separately managed accounts currently hold a 5% or more ownership interest in J.P. Morgan publicly traded stock. Ownership interests in this range or of greater amounts present a conflict of interest when J.P. Morgan purchases publicly traded securities of the unaffiliated asset manager or invests in funds that are advised by such unaffiliated asset manager on behalf of client accounts or J.P. Morgan Funds. J.P. Morgan does not receive any additional compensation for client accounts' or J.P. Morgan Funds' investments in publicly traded securities or funds of an unaffiliated asset manager as a result of its ownership interest in JPMC stock. 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 February 26, 2025, the Vanguard Group, Inc. and BlackRock, Inc. hold more than a 5% interest in J.P. Morgan.

#### **8. 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 the client accounts in this manner gives 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.

#### **9. 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.

#### 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" or "promoter") of prospective clients for certain other investment advisers, which may include one or more advisers acting as Portfolio Managers in a Program, in accordance with Rule 206(4)-(1) of the Advisers Act. 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 a Code of Ethics (the **Code of Ethics**) pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics is designed to ensure that JPMS and its supervised persons comply with applicable federal securities laws and place the interests of clients first in conducting personal securities transactions. The Code of Ethics imposes certain restrictions on securities transactions in the personal accounts of supervised persons to help avoid or mitigate conflicts of interest, as described more fully below. A copy of the Code of Ethics is available free of charge to any client or prospective client upon request by contacting your Wealth Advisor.

##### General

The Code of Ethics contains policies and procedures relating to:

- Account holding reports and personal trading, including reporting and pre-clearance requirements for all personnel of JPMS;
- Confidentiality obligations to clients set forth in the JP Morgan privacy notices;
- Conflicts of interest, which include guidance relating to restrictions on trading on material non-public information (MNPI).

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

Additionally, all JPMS personnel are subject to the JP Morgan firm-wide policies and procedures including those found in the JP Morgan Code of Conduct (the **Code of Conduct**). The Code of Conduct sets forth restrictions regarding confidential and proprietary information, information barriers, private investments, outside business activities and personal trading. All JP Morgan employees, including JPMS personnel, are required to familiarize themselves with, comply with and attest annually to their compliance with the provisions of the Code of Conduct's terms as a condition of continued employment.

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

## 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, PM and certain strategies of STRATIS), securities in which JPMS or a related person has a material financial interest. For 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 non-discretionary 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.

Wealth Advisors may also receive financial incentives to join and/or remain at JPMS. These incentives, which are in addition to the compensation received in connection with total revenue attributable to them, may take various forms, including an up-front loan, annual cash payment, Restricted Stock Units (RSUs) and performance awards. Performance awards can be revenue-based, asset-based or a hybrid of both and will be contingent upon meeting requirements set forth in the respective Wealth Advisor's employment contract and provided to the adviser in an agreed upon split percentage between cash and RSUs.

### 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.

In order to comply with principal trade restrictions, orders for the Programs are routed for agency execution. In connection with transactions executed for Program accounts, when permitted by applicable law and JPMS policy, JPMS, acting on behalf of client accounts, enters into transactions in securities and other instruments with or through JPMC and causes accounts to engage in principal transactions. A "principal transaction" occurs if JPMS, acting on behalf of client accounts, knowingly buys a security from, or sells a security to, JPMS or its affiliate's own account.

When acting as principal in accordance with applicable law, 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 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 prohibits the effecting of transactions for Program clients where JPMS or its affiliate acts as agent for the other side of the transaction;
- For JPMS or any of its affiliates knowingly to effect a transaction for a Program account managed by JPMIM or JPMP 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 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 does not 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. Time and Price Discretion

In PA, JPMS and/or its affiliates can exercise limited discretion as to the price or time at which they can execute an order for a transaction in an account (“time and price discretion”), so long as such discretion is exercised on the same day that the order is given and is consistent with JPMS’ duty to seek best execution. In addition, JPMS and/or its affiliates may aggregate orders for the sale or purchase of securities in such accounts with orders for the same security for JPMS’ and/or its affiliates’ other clients without prior authorization, if the transaction is effected on the same day in which the order was received, and in accordance with the law and with the obligation to seek the best execution. Generally, each affected account in the aggregated transaction will be provided with the average price per share or unit, and, when applicable, it’s pro rata shares of any fees.

## 3. 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, refer to Item 9 above.

## 4. 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, has 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, 2024, the Servicing Fees that JPMS received for non-money market funds were up to 25 basis points annually of the fund assets, or a rate of up 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, only that share class can be purchased for that fund. Mutual funds will be purchased in the account at net asset value (no-load or load-waived) and ETFs at their market price. 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 can 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 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.

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, the Wealth Advisor 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. 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.

#### **5. Other Securities Issued by JPMS and Its Affiliates**

Refer to "JPMorgan Chase & Co. and Other Affiliated Issuers of Securities" in Item 9.ii.c.2 above for information on other securities issued by JPMS and its affiliates.

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

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

#### **7. 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 CBP, 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.

#### **8. Securities Allocations and Limitations**

JPMS is part of a large financial services firm. In connection with providing investment advisory services to its clients, JPMS uses the products or services of its affiliates or other related persons, as described both above and below. JPMS and/or its affiliates can receive more compensation from certain accounts that use strategies similar to those used by Program Accounts (**Similar Accounts**) than it or its affiliates receive from Program Accounts. JPMS or its affiliates has a conflict of interest to the extent that JPMS or an affiliate has a proprietary investment in Similar Accounts, the Portfolio Managers have personal investments in Similar Accounts, or the Similar Accounts are investment options in JPMS' or its affiliates' employee benefit plans.

JPMS and its affiliates maintain certain investment limitations on the positions in securities, or other financial instruments, that JPMS or its affiliates will take on behalf of its various clients due to, among other things: (i) liquidity concerns; (ii) operational considerations; (iii) regulatory requirements applicable to JPMS or its affiliates; and (iv) 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 can cause JPMS to sell certain securities held in client accounts.

A potential conflict of interest also can arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account or when a sale in one account lowers the sale price received in a sale by a second account.

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

Conflicts of interest can arise with both the allocation of investment opportunities, including trading opportunities and pricing of trading generally, and the aggregation of orders and allocation of executed transactions specifically, because of market factors or investment restrictions imposed upon JPMS and its affiliates by law, regulation, contract or internal policies. Allocations of transactions resulting from aggregated orders, particularly orders that are only partially completed (due to limits on availability, capacity constraints and other factors) and allocation of investment opportunities generally, would raise a conflict of



interest where JPMP or its affiliates have an incentive to allocate investment opportunities or securities that are expected to increase in value to favored accounts, including affiliated accounts and accounts that pay higher fees. JPMS mitigates this conflict by using guidelines designed by JPMS and affiliates to allocate investment and trading opportunities among similarly situated Program accounts on a fair and equitable basis over time. A conflict of interest also would arise if transactions in securities in one account closely follow transactions in the same securities in different accounts, especially when the transactions or series of transactions are large in relation to the securities' trading volume and potentially have market impact, such as when a purchase increases the value of securities previously purchased by the other accounts, or when a sale in one account lowers the sale price received in a sale by other accounts.

JPMS and its affiliates have intercompany arrangements whereby one or more affiliates share personnel for one or more purposes, including the construction and implementation of trade orders for multiple programs and affiliated entities. Any such shared personnel are subject to the policies and procedures of the applicable affiliate when acting on its affiliate's behalf. Any such shared personnel will have potentially conflicting interests when playing these various roles. Such personnel splitting time and attention between one or more JPMS affiliates creates conflicts of interest in that the time and effort of these shared personnel will not necessarily be devoted exclusively, or even predominately, to JPMS. While the affected affiliates have adopted policies, procedures or guidelines to address conflicts of interest associated with personnel sharing, such policies, procedures or guidelines can differ and there can be no assurance that such policies, procedures or guidelines will successfully eliminate or mitigate all such conflicts in every case.

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

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

#### **11. Payment for Order Flow**

JPMS does not receive payment for order flow from market makers for customer orders in equity securities. JPMS receives rebates from and pays fees to some registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges' published fee schedules approved by the SEC. Alternative trading systems also charge

fees and, in some cases, pay rebates for the provision or removal of liquidity. In addition, JPMS receives marketing fees from options exchanges under marketing fee programs sponsored by some exchanges. Under some circumstances, the amount received by JPMS from a trading center over a period of time may exceed the amount that JPMS is charged by a trading center. These practices are one of many factors that may impact routing decisions and do not alter JPMS' policy to route customer orders in securities to the trading centers where it believes customers will receive the best execution, taking into account, among other factors, price, transaction cost, volatility, reliability, market depth and speed.

Affiliates of JPMS have ownership interests in some trading centers. Accordingly, JPMS stands to share in any profits that these trading centers earn from the execution of JPMS customer orders on those trading centers. Additional information on the material aspects of JPMS' relationships with the primary trading centers to which JPMS routes, including descriptions of arrangements for payment for order flow and profit-sharing relationships, is available in JPMS' SEC Rule 606 reports at [jpmorgan.com/OrderExecution](http://jpmorgan.com/OrderExecution).

#### **12. 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. 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.

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

#### **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 third-party Portfolio Manager, except for PM and certain strategies of STRATIS, 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 JPMP 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; recommend that clients buy or sell securities; include securities as Program securities in certain Programs; or, in certain Programs, designate securities 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 third-party 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 JPMIS; 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 Advisor in the PM or PA Program on the same day in the same security or derivative or on the opposite side of the market in the same security or derivative that was traded for any of the Wealth Advisor's PM or PA client accounts. PM or PA Wealth Advisors may trade in their own accounts (and related person accounts) for the same security for their PM or PA client accounts, as long as they do not receive a better price than their PM or PA clients, subject to a de minimis exception. PM or PA Wealth Advisors are prohibited from trading opposite (including derivatives) their PM or PA clients on the same day;
- Review 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.

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

**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, 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. 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 non-PM Portfolio Manager's aggregation and allocation policies, refer to its Form ADV Part 2A Brochure or other applicable disclosure document(s).

#### **e. Conflicts of Interest Created by Contemporaneous Trading**

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

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

affiliates hold exclusivity rights to certain investments and therefore, other clients are prohibited from pursuing such investment opportunities.

#### **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(s) 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 non-discretionary 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 CBP 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. Refer to the applicable Portfolio Manager's Form ADV Part 2A for more information.

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.

JPMS has established Program guidelines relating to the investment advice or management of assets in the Programs, including but not limited to security concentration, cash concentration or target asset allocation guidelines, which can restrict or limit activity in Program account(s). Program guidelines can vary and change at the sole discretion of JPMS.

If the client's Program account(s) is identified as having investments outside Program investment guidelines, JPMS can consider investments in the client's other JPMS advisory accounts before taking any action. Clients may request to have these accounts removed from guideline consideration, although a final determination will be made at the sole discretion of JPMS.

The client's Wealth Advisor can make a recommendation to bring their Program account(s) within investment guidelines, or JPMS will require the Wealth Advisor to bring the Program account(s) within the investment guidelines. If a client decides not to take the requested action or the Wealth Advisor does not comply with these guidelines, JPMS can terminate the account(s) from the applicable Program. This will result in the account(s) being converted into a brokerage account(s).

In accordance with the above, Program guidelines may require the client to sell certain securities, thus resulting in capital gains or losses and additional tax reporting obligations. Any potential tax consequences will not prevent JPMS from conducting these transactions in a client's Program account(s).

At JPMS' sole discretion, certain Wealth Advisors have greater latitude in recommending or selecting securities. Therefore, the availability of investment strategies and securities and the applicability of investment limitations can vary depending on the Wealth Advisor. Certain qualified Wealth Advisors manage approved concentrated strategies for select clients that can be required to meet additional eligibility requirements.

JPMS' supervision and monitoring does not substitute for a client's continued review of their Program assets and the performance of their

investments. Clients are responsible for reviewing Program communications, including performance reports, trade confirmations and account statements that JPMS provides to them.

#### **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 supervision under the Global Head of Wealth Management Supervision.

Ongoing reviews of PA and PM accounts by JPMS typically include reviewing Program accounts representing certain risk levels or PA and PM accounts with little or no trading activity.

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.

Each client account is also governed by a *Summary of Your Investment Advisory Account* document, which outlines and/or confirms the preferences and other selections a client makes for each account after discussion with their Wealth Advisor(s). Clients will receive a Summary for each account they open, and any time clients make certain changes to their account, including changes to the client's Risk Score, that confirms any such modification. Clients should notify their Wealth Advisor(s) promptly if they believe any information or election contained in any *Summary of Your Investment Advisory Account* is inaccurate or incomplete, or if clients have any questions or concerns regarding any information contained therein.

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, the client 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 represent 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.

JPMS allows certain Wealth Advisors in PM to create a composite performance for accounts they manage in a similar style.

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 carefully review 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. Account Errors and Resolutions**

Account 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 such errors and generally require that errors caused by JPMS and affecting a client's account be resolved promptly and fairly. Errors can result from a variety of situations, including 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, executing the order as a buy rather than a sell and vice versa).

The intent of the policies and procedures is to restore a client account to the appropriate financial position as determined in good faith by JPMS based on what it considers reasonable in light of all relevant facts and circumstances surrounding the error. JPMS makes its determinations pursuant to its error policies and procedures on a case-by-case basis, in its discretion, based on factors it considers reasonable. Under certain circumstances, JPMS may consider whether it is possible to adequately address an error through cancellation, correction, reallocation of losses and gains or other means.

If a trade error is made in a client's account, JPMS will take action to make the account whole. JPMS corrects trade errors in IRA and ERISA accounts in the impacted Program account and uses a firm account to correct all other trade errors in non-retirement Program accounts. If bonds are erroneously sold from a client's account, it is possible that JPMS or the Portfolio Manager will not be able to find the same bonds to buy back for the account. In that case, JPMS or Portfolio Manager will purchase bonds that it believes are equivalent in quality and yield.

### **v. Testimonials and Endorsements**

#### **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, 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 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.

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 unaffiliated third-parties (sometimes also called a "finder," "referrer" or "promoter") for their referral of prospective investment advisory clients to JPMS in accordance with Rule 206(4)-(1) of the Advisers Act. Under these solicitation arrangements, JPMS agrees to pay each finder when a referred prospective client becomes an investment advisory client of JPMS. JPMS either pays the finder a flat amount or a specified portion of the Fee it receives and retains relating to each such client's advisory account. When a finder makes a referral of a prospective client to JPMS under a solicitation arrangement, the arrangement creates a material conflict of interest with the prospective client because:

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

JPMS addresses this conflict in the following ways:

- JPMS' payments of solicitation fees to finders are typically subject to certain legal requirements and conditions, including the delivery by the finder to the referred client, at the time of the referral, of a written document that discloses, among other things, the relationship between the finder and JPMS, the fact that the finder 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 JPMS for the cost of obtaining the client's business; and
- Prospective clients referred to JPMS by finders have no obligation to become clients of JPMS, and their declining to do business with JPMS will not affect their relationship with the finder.

#### **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 10 years.

## Appendix A

The following Model Portfolio Provider investment strategies are available in STRATIS. Model Portfolio Providers provide Model Portfolios to JPMS to implement. Although JPMS, acting as implementation manager, generally purchases and sells in the account investments that are consistent with the Model Portfolios provided by the Model Portfolio Providers, JPMS retains investment discretion over account investments.

### JPMIM Model Portfolio Strategies

<b>J.P. Morgan Digital Evolution Strategy</b>	The strategy aims to achieve capital appreciation by investing in equity securities and depositary receipts of companies focusing on or benefiting from the development of technology related products, services and processes that enhance mobility and connectivity. The strategy expects to invest in companies across all market capitalizations with a preference toward medium and large capitalizations. The strategy seeks to deliver long-term total returns in excess of its benchmark over a full market cycle.
<b>J.P. Morgan Focused Dividend Growth Strategy</b>	The strategy seeks to allocate to concentrated equity investments (limited number of holdings) expected to produce current income and capital gains over a longer-term horizon.
<b>J.P. Morgan Innovators Strategy</b>	The strategy seeks to deliver long-term total returns by investing in companies that aim to effectively drive innovation by investing in research and development to generate higher growth and profitability. The strategy primarily invests in U.S. listed equity securities, including depositary receipts, and real estate investment trusts ( <b>REITs</b> ).
<b>J.P. Morgan Large Cap Growth Opportunities</b>	The strategy seeks to deliver capital appreciation by investing in a diversified portfolio of large capitalization, U.S. listed equity securities of companies with a history of growth and future growth potential.
<b>J.P. Morgan All Cap Opportunities</b>	The strategy seeks to deliver capital appreciation by investing in a diversified portfolio of U.S. listed equity securities across a broad range of market capitalization levels.
<b>J.P. Morgan Dividend Opportunities</b>	The strategy seeks to provide total return through capital appreciation and income generation by investing in a diversified portfolio of U.S. listed equity securities which have a history of maintaining or growing their dividend, and which display the potential to increase their dividend in future periods.
<b>J.P. Morgan Large Cap Core Opportunities</b>	The strategy seeks to achieve long term capital appreciation by investing in a diversified portfolio of large capitalization U.S. listed equity securities.