

## Guide to Investment Services and Brokerage Products

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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

## **INVESTING WITH J.P. MORGAN WEALTH MANAGEMENT**

We're providing this Guide to Investment Services and Brokerage Products (the Guide) to help you learn more about:

- The different ways you can invest with us
- Our products and services, including those we offer from third-party providers
- Compensation received by J.P. Morgan Securities LLC, JPMorgan Chase Bank, N.A. and their affiliates (collectively, J.P. Morgan), as well as the compensation that J.P. Morgan Private Client Advisors and Financial Advisors (collectively, advisors) reasonably expect to be paid from the products and services we offer

We hope you find this Guide useful. We may make periodic updates and will notify you of any material changes. You can also access the most current version at [jpmorganinvestment.com](http://jpmorganinvestment.com).

Thank you for your interest in J.P. Morgan Wealth Management, and we look forward to helping you realize your investment goals.

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## WHO WE ARE, WHO WE SERVE AND HOW WE SERVE YOU

### A. WHO WE ARE

J.P. Morgan Securities LLC (JPMS) is a registered broker-dealer and investment advisor with the Securities and Exchange Commission (SEC). JPMS is also a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corp. (SIPC). J.P. Morgan Wealth Management (JPMWM) offers investment products and services through JPMS.

JPMWM offers a broad range of investments and other services to help you and other clients meet their needs, whether it's saving for retirement, a major purchase or education. We can help you create an integrated and comprehensive strategy on your terms through your investment account.

### B. WHO WE SERVE

JPMWM provides brokerage services and investment advisory services to retail clients in a number of ways, depending on their individual circumstances and how they prefer to engage with us. This includes working with a J.P. Morgan Private Client Advisor (PCA) located in a Chase branch or other branch location, online or with a team of remote Financial Advisors with either J.P. Morgan Investments Direct (JPMID) or J.P. Morgan Personal Advisors (JPMPIA).

To open an account, you must have a valid U.S. residential address, a Social Security or taxpayer identification number and be a U.S. resident or resident alien. In most states, a trust, corporation, non-profit or government entity can also open an account. Some account types may not be available for all clients.

We may ask you to provide certain documentation when you open your account, and from time to time thereafter, to maintain our relationship.

### C. HOW WE SERVE YOU

Whether you're new to investing or have years of experience, we can help. We'll strive to put your needs first, offer informed advice and provide you with the highest level of investment service. Overall, we offer two primary ways to invest with us:

- Work with a dedicated advisor or team
- Trade on your own online, with access to our global research and market insights

This guide focuses mainly on working one-on-one with an advisor, who can provide you with a personalized investment strategy based on your financial goals, which can evolve over time.

#### **Our approach to personalized investing**

In addition to helping design an investment strategy for you and your family's unique goals, at your request, your advisor can also:

- Help you take a holistic view of your investments and asset allocation. This may include suggestions about tactical changes across your portfolio intended to help you reduce risk and potentially increase returns and help with rebalancing.
- Provide views on the market and guidance during periods of market volatility to help you avoid ill-timed actions.
- Periodically review your investment goals and objectives to help you stay on track.

To ensure our advisors have the foundation they need to provide you with a personalized investment experience, they have access to a variety of resources and support. In making recommendations to you, our advisors select from products we believe can serve the best interests of our clients. Our advisors also have access to:

- Ongoing investment education and up-to-date market insights
- Securities research and information from our Capital Markets Solutions and other teams
- Internal specialists and support teams

## INVESTMENT ACCOUNTS & SERVICES

### A. DIFFERENT TYPES OF INVESTMENT ACCOUNTS

JPMWM offers both brokerage and investment advisory services. There are important differences between the two, including the types of services provided, the costs and how they are regulated. Below is a general overview of the main differences. We encourage you to contact your advisor if you have any questions.

#### Brokerage Accounts

Brokerage accounts and related services primarily involve assisting you with the purchase and sale of securities based on your instructions. These accounts have a transaction-based cost structure, and you retain the final investment decision on all transactions in the account.

- As part of a brokerage relationship, we will handle the brokerage and related functions for your account, which may include: holding securities and cash; executing, clearing and settling transactions; collecting and processing dividends; issuing buy and sell confirmations and client statements; and looking after the various details associated with the clearing and carrying of accounts. Unless you have specified otherwise, we will act as custodian of the assets in all brokerage accounts. For additional information regarding the services we provide with respect to brokerage accounts, refer to your *J.P. Morgan Investment Account Agreements and Disclosures Booklet* or other applicable service-related documents, which may be amended from time to time. You may request additional copies of these agreements or other documents at any time.
- In exchange for our brokerage services, you generally pay a commission for each transaction and other applicable fees. For example, you generally pay a commission for agency transactions and a mark-up/mark-down for riskless principal transactions. Therefore, in a brokerage account, your total costs will generally increase or decrease as a result of the frequency of transactions in the account and the type of securities you purchase. We may also be paid by third parties who compensate us based on what you buy.

When acting as a broker-dealer:

- We provide assistance to you with the purchase and sale of securities based on your instructions. Your approval will be required before any securities transaction takes place. We do not have discretion to act on your behalf in a brokerage account. This means that although we may provide advice or recommendations regarding the purchase or sale of securities, we do not make investment decisions for you, manage your investments, or monitor your account.
- As further described below, we make investment recommendations to you regarding your retirement plan account or individual retirement account as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (the Code), as applicable, which are laws governing retirement accounts. The way we make money or otherwise are compensated creates some conflicts with your financial interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.
- Under this special rule's provisions, we must:
  - Meet a professional standard of care when making investment recommendations (give prudent advice) to you;
  - Never put our financial interests ahead of yours when making investment recommendations (give loyal advice) to you;
  - Avoid misleading statements about conflicts of interest, fees and investments;
  - Follow policies and procedures designed to ensure that we give advice that is in your best interest;

- Charge no more than what is reasonable for our services; and
- Give you basic information about our conflicts of interest.
- More specifically, we act as a fiduciary within the meaning of ERISA and/or the Code, as applicable, when a specific recommendation is provided to you based on your particular needs or circumstances, such as when we recommend you enter into (or “solicit”) a brokerage transaction in your qualified retirement account or that you roll over or transfer qualified retirement account assets to us and our communication to you regarding such transaction, rollover or transfer could reasonably be viewed as a “call to action.” However, we are not acting as a fiduciary under those laws, or otherwise, when we merely provide general investment information and education, or when you enter into a brokerage transaction in your qualified retirement account that is not based on our recommendation (i.e., the transaction is “unsolicited”) or roll over or transfer qualified retirement account assets to us on an unsolicited basis.
- Otherwise, when providing services as a broker-dealer, we are not acting as an investment advisor or a fiduciary under any federal law, federal rule or federal regulation.<sup>1</sup> As such, we are permitted to sell securities to you and buy securities from you through our own account as principal, and act as agent for you and another client in the same trade. We will disclose this on trade confirmations we send to you. In full-service brokerage retirement accounts, we generally trade in an agency capacity where applicable.
- When we make recommendations to you, we do so in a broker-dealer capacity, not as your investment advisor, unless we have entered into a written investment advisory contract with you.

### **Investment Advisory Accounts**

When acting as an investment advisor, we offer a variety of programs and services including discretionary and non-discretionary advisory programs. If you participate in a discretionary advisory program, we will have authority to make trades and other investment decisions on your behalf without seeking your prior approval. As part of our investment advisory programs and services, we provide ongoing account management and monitoring.

For investment advisory programs and services, you generally pay a fee based on the value of your account assets. Trade execution and other applicable fees may also apply. All fees will be outlined in our agreements with you.

While serving as your investment advisor, we are acting as a fiduciary. As part of our fiduciary duty to you, we are required to make full and fair disclosure of all material facts relating to our advisory relationship with you, including conflicts between our interests and your interests, and we must obtain your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client (to the extent permitted under applicable federal law). We act as an investment advisor only when we have entered into a written agreement with you that describes our advisory relationship and obligations to you.

### **Both Brokerage and Investment Advisory Accounts**

In both brokerage and investment advisory accounts that include professionally managed investment products such as mutual funds or exchange-traded funds (ETFs), you will be charged additional operating expenses that are reflected in the product’s share price. Additional expenses include, for example, investment management fees assessed by the manager of the funds. There may also be other fees and expenses in addition to those outlined above as described in agreements and disclosures provided to you.

You can find additional information about brokerage fees and expenses in Section 3, Brokerage Products.

While we will take care in developing and making recommendations to you as a broker-dealer or investment advisor, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated. Review all of the documents you are provided for the details of that product or service, the risks associated with the product and other important information.

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<sup>1</sup> A fiduciary standard for broker-dealers may be set forth under the rules of certain states or as a condition to maintaining certain certifications. For state-specific information, where applicable, refer to Section 5.

## B. DIFFERENT TYPES OF BROKERAGE ACCOUNTS

You can choose between a full-service and a self-directed brokerage account. The main differences between them are how you work with us, who you work with, and the types of investment options and services available to you.

With full-service brokerage accounts, you can work with an advisor who can provide goals-based advice, guidance and help with specific investment needs. You can also open a brokerage account through Financial Advisors in JPMID. For self-directed brokerage, you can open a J.P. Morgan Self-Directed Investing account where you will make your own decisions and will primarily engage with us online.

As a result of these differences, the fees that you pay will vary.

Some account types, strategies, products and services may only be offered in one of the service models. For instance, certain mutual fund share classes, investment strategies or account types may only be available through J.P. Morgan Self-Directed Investing and others just through your advisor in a full-service account. You can open multiple accounts and choose to work with us in different ways depending on your objectives in each account.

Full-Service Brokerage Account	J.P. Morgan Self-Directed Investing Account
<ul style="list-style-type: none"><li>• These accounts are designed for clients who wish to receive advice and guidance from an advisor but who want to make the final investment decision on all transactions. For example, we may recommend the purchase of a security in your account — but you make the final decision about whether or not to accept our recommendation.</li><li>• These accounts have a transaction-based cost structure; however, any recommendation we make is considered part of your brokerage services — there is no separate fee charged for our advice.</li><li>• You will primarily engage with a dedicated advisor who is located in a Chase branch or other branch location, or with a team of JPMID Financial Advisors available by phone or video.</li><li>• In this account you can trade a variety of investments, which we describe in Section 3. Note that you will not be able to invest in structured investments in brokerage accounts opened or supported by our JPMID team.</li><li>• You will not be able to invest in J.P. Morgan-issued structured investments or new issues/syndicates of equity or fixed income securities (IPOs) in full-service brokerage retirement accounts.</li><li>• We may not recommend the purchase of, or investment in, non-U.S. equity securities (excluding ADRs), nor debt securities issued by J.P. Morgan, in full-service brokerage retirement accounts.</li><li>• We must act in your best interest at the time we make a securities recommendation to you.</li><li>• Account can additionally hold cash for liquidity, funding for future investments or for emergency funds.</li></ul>	<ul style="list-style-type: none"><li>• These accounts are designed for individual clients who wish to trade online themselves, with access to insights and research. Accounts may include taxable brokerage accounts, Traditional IRAs and Roth IRAs.</li><li>• We will not provide investment advice or offer any opinion about the suitability of any security, order, transaction or strategy.</li><li>• You will primarily engage with us digitally through chase.com or the Chase Mobile® app.</li><li>• In this account, you trade online in products including U.S. equities, ETFs, mutual funds, options and fixed income securities.</li><li>• You will make investment decisions and transactions based on your own evaluation of your personal financial situation, needs, risk tolerance and investment objective(s).</li><li>• We do not have a general obligation to act in your best interest and will not make recommendations to you.</li><li>• These accounts can hold cash for liquidity, funding for future investments or for emergency funds.</li></ul>

## C. BROKERAGE ACCOUNT FEES

We charge certain account fees or other amounts in the normal course of providing services or products to you. These may include fees for certain administrative services.

Full-Service Brokerage Account	J.P. Morgan Self-Directed Investing Account
<p>Refer to the <i>Fee and Commission Schedules for Brokerage Accounts</i> in the Appendix of this Guide.</p> <ul style="list-style-type: none"><li>• Fees and charges may vary from one account to another based on a variety of factors. All such fees and charges are deducted from your linked bank account or brokerage account and are subject to change periodically.</li><li>• For product-specific fees and other charges, refer to Section 3, Brokerage Products.</li></ul>	<p>Visit <a href="https://chase.com/online-investing-pricing">chase.com/online-investing-pricing</a> for information on fees and commissions.</p>

## D. DIFFERENT TYPES OF ADVISORY ACCOUNTS

In addition to brokerage accounts, clients have the ability to invest in a number of advisory programs, including discretionary and non-discretionary investment advisory programs, where they can receive advice on the selection of investment managers, mutual funds, ETFs and other securities offered through our investment advisory programs.

Note that our Financial Advisors in JPMID currently offer a subset of our discretionary advisory programs. In addition, our JPMPA Financial Advisors are a part of a single product channel and only offer one discretionary advisory program: J.P. Morgan Personal Advisors.

Discretionary Investment Advisory Account	Non-Discretionary Investment Advisory Account
<ul style="list-style-type: none"><li>• Account in which you authorize JPMS and/or another affiliated or unaffiliated Portfolio Manager to act as your investment advisor.</li><li>• You give JPMS and/or the Portfolio Manager the power to invest on your behalf by buying and selling securities in your account and making all investment decisions for your account.</li></ul>	<ul style="list-style-type: none"><li>• Account in which you have sole discretion as to the purchase and sale of assets.</li><li>• Your advisor and/or JPMS gives you advice about securities that you may buy and sell, but you do not give JPMS the authority to invest on your behalf.</li><li>• You are responsible for those investment decisions over the assets invested in those accounts.</li></ul>

J.P. Morgan Personal Advisors Advisory Account
<ul style="list-style-type: none"><li>• A discretionary managed account offered by JPMS and designed for clients investing at least \$25,000 with J.P. Morgan Personal Advisors.</li><li>• You connect with our advisors via video or phone to find the program investment strategy that fits you best.</li><li>• Visit <a href="https://chase.com/personal/investments/personal-advisors">chase.com/personal/investments/personal-advisors</a> for more information.</li></ul>

## E. ADVISORY ACCOUNT FEES

Fees and costs associated with our full-service advisory programs are available on request or at [chase.com/managed-account-disclosures](https://chase.com/managed-account-disclosures).

Fees and costs associated with J.P. Morgan Personal Advisors can be found at [chase.com/Personal-Advisors-Portfolio](https://chase.com/Personal-Advisors-Portfolio).

## F. RELATED BROKERAGE & ADVISORY SERVICES

Some additional products and services we provide include:

### RETIREMENT ACCOUNTS

#### Description:

We offer individual retirement accounts (IRAs) to our clients, including:

- Traditional IRAs – a type of tax-advantaged retirement account where your contributions may be tax-deductible, and any investment gains will not be taxed while in the IRA. When you withdraw your money, you will have to pay taxes on any amounts withdrawn comprised of pre-tax dollars, including investment gains and deductible contributions.
- Roth IRAs – a type of tax-advantaged retirement account where your contributions are made with after-tax dollars (if you are eligible to contribute). Investment gains will not be taxed while in the account, and your withdrawals will be tax-free if they are qualified.

#### Fees & Costs:

Refer to the *Fee and Commission Schedules for Brokerage Accounts* in the Appendix of this Guide.

### 529 PLAN (FULL-SERVICE ONLY)

#### Description:

A 529 plan is an investment account that offers:

- Tax-deferred growth and tax-free withdrawals when the funds are used to pay for a designated beneficiary's qualified education expenses. Contributions may be tax-deductible in some states.
- Numerous professionally managed investment options from which to choose, including mutual funds and ETFs. You have full control over your plan's investments and withdrawals.

#### Restrictions:

- 529 plans are only offered by Private Client Advisors and not Financial Advisors.

#### Fees & Costs:

- 529 plans may charge a program management fee and/or a state administration fee (generally 0%–0.50% in aggregate), in addition to the expense ratios of the underlying mutual funds.
- Many plans charge an annual account maintenance fee (generally \$20–\$25 annually). Such plans often reduce or eliminate this fee for in-state residents, clients who make automatic contributions, or for accounts above a minimum balance, typically \$25,000.
- 529 plan investments include mutual fund Class A shares and Class C shares, and sales charges vary by plan. Certain 529 plans waive the front-end sales charge/load fee (no upfront fee) on Class A shares for J.P. Morgan Wealth Management clients with no additional qualification criteria. 12b-1 fees continue to apply. Refer to Section 3, Brokerage Products, for more information on mutual fund share classes and sales charges.
- 529 plans managed by affiliates of JPMS increase the overall revenue of the firm. Refer to Section 3, Brokerage Products, for more information on proprietary mutual funds and affiliated service providers.

### MARGIN

The following applies to both full-service and self-directed investing accounts **except** as indicated.

#### Description:

- Margin involves borrowing funds from JPMS in order to purchase an investment; you pay interest on this loan at the rate disclosed in your margin agreement and the Fees and Costs section below.
- Margin may also be used to sell securities short, which may be borrowed from JPMS (**Full-Service only**).

- Securities in your margin account are collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, we can take action, such as issue a margin call and/or sell securities or other assets in other accounts you have with us, in order to maintain the required equity in the account.
- Margin also allows you to borrow against the value of securities you already own. We will earn interest and may also earn additional compensation when extending margin. When you have a margin account with us, we are permitted to use certain securities in your account for, among other things, settling short sales and lending securities for short sales. We will generally be compensated in connection with these transactions. As a result, we have a financial incentive for you to incur margin debt to buy securities in your account.
- J.P. Morgan Private Client Advisors may receive compensation on margin loans (**Full-Service only**).
- Before trading in a margin account, you should carefully review the FINRA Margin Disclosure Statement, which you can access at [finra.org/sites/default/files/InvestorDocument/p005895.pdf](https://finra.org/sites/default/files/InvestorDocument/p005895.pdf).

### **Fees and Costs:**

Interest will be charged as provided below on any credit extended to you by JPMS for the purpose of purchasing, carrying or trading in any security. The annual rate of interest you are charged may fluctuate with changes in the stated base rates. The changes in rates resulting from this fluctuation will be made without prior notice to you.

- \$0 to \$25,000: Prime<sup>2</sup> + 4.75%
- \$25,001 to \$50,000: Prime + 4.50%
- \$50,001 to \$100,000: Prime + 4.00%
- \$100,001 to \$500,000: Prime + 3.75%
- \$500,001 to \$1,000,000: Prime + 3.00%
- \$1,000,001 to \$3,000,000: Prime + 2.50%
- \$3,000,001 to \$10,000,000: SOFR + 2.35%
- \$10,000,001 and above: SOFR + 1.85%
- Minimum equity for uncovered option trading: \$50,000

### **Full-Service only:**

Short sales incur fees that are based on a fluctuating rate applied daily to the market value of the securities sold short. These fees, which are in addition to interest charged on any debit balances in your account created in connection with your short positions, are based on (i) the costs and expenses incurred by J.P. Morgan to settle and maintain those transactions, and (ii) service fees in connection with the establishment and/or maintenance of your short positions.

### **JPMORGAN CHASE DEPOSIT SWEEP**

JPMS offers the JPMorgan Chase Deposit Sweep (Deposit Sweep), a bank sweep program, where uninvested cash from the investment account(s) is swept into FDIC-insured deposit accounts opened by JPMS for the benefit of its clients at JPMorgan Chase Bank, N.A. (JPMCB).

The interest rate paid on Deposit Sweep balances will vary based on business and economic conditions and whether you have the Chase Deposit Sweep or the JPMorgan Deposit Sweep. The rate is reset periodically at the discretion of JPMCB. As the interest rate may be higher or lower than the rate available to direct depositors of JPMCB for comparable accounts, you should compare the terms, rate of return, required minimum amounts, charges and other features of the Deposit Sweep with those of other deposit accounts and alternative cash investments. You should note that the interest rates may be reduced in the event of any increase in FDIC deposit insurance premiums paid by JPMCB. Interest rates will also vary between different Deposit Sweeps offered to different JPMS customers. The rate paid on Deposit Sweep balances in Advisory Accounts is typically higher, and could be substantially higher, than the

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<sup>2</sup> The annual rate of interest that you will be charged on any U.S. dollar-denominated credit is based on either the Prime interest rate (Prime) or the Secured Overnight Financing Rate (SOFR). The Prime interest rate is an important index used by banks to set rates on many consumer loan products, such as credit cards or auto loans. The Prime interest rate will move up or down in lockstep with changes made by the Federal Reserve Board. SOFR is a benchmark for dollar-denominated derivatives and loans. SOFR is based on transactions in the Treasury repurchase market.

rate paid on Deposit Sweep balances in other account types. For the current interest rate, please contact your advisor or call our client service center at 1-800-392-5749. The current rate is also available through [chase.com/SweepYields](https://chase.com/SweepYields).

## PRODUCTS AVAILABLE FOR BROKERAGE ACCOUNTS

This section is intended to provide you with a general description of the various products for brokerage accounts. Before making any investment, you should evaluate if the product is suitable for your needs and financial situations, and your ability to take on risks.

As a reminder, while we will take appropriate care in developing and making recommendations to you, securities and investment products involve risk, and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated. Consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you find them.

Please also note that we may recommend certain investment products offered by a limited number of sponsors, managers, issuers and providers after we have conducted appropriate due diligence.

### A. EQUITIES/STOCKS

#### Description:

What is a stock?

- Stocks represent an ownership interest in a company. When you own a company's stock, you can have an equity interest in the company or own a fractional portion of the company.
- A stockholder can achieve returns through price appreciation/depreciation and dividends.
- A stock's market value can change at any moment, depending on market conditions, investor perceptions or a host of other issues.
- Owning stock typically gives you the right to vote on important company issues and policies.
- Stockholders have a claim on a company's assets if the company goes bankrupt. However, in the event of liquidation, stockholders will receive what is left after all of the company's creditors, including bond holders, have been paid.

There are different types of stocks:

- **Listed common stock** – stock that is made available by public companies to the public for purchase, typically through an initial public offering (IPO) and may also refer to the secondary trading of these shares.
- **Preferred stock** – stock that entitles the holder to a fixed dividend, whose payment takes priority over that of common stock dividends.
- **Restricted stock** – shares in a company issued in private transactions (for example, to employees as part of their pay) but that cannot be transferred until certain conditions have been met.

#### Fees/Commissions:

- Refer to the *Fee and Commission Schedules for Brokerage Accounts* in the Appendix of this Guide.

#### Risks and other relevant information:

An investment in stock involves a number of risks. The following section discusses some of those risks but is not meant to be exhaustive, and the risks discussed do not comprise a complete list of all the risks relating to equity securities. You should consider these risks as you choose your investments.

- The price of stocks may rise or fall because of changes in the broad market, changes in a company's financial condition or industry-specific risks, sometimes rapidly or unpredictably.

- If a company becomes insolvent, its stocks are repaid only after all other debts of the company have been repaid. This can potentially result in a severe reduction in, or total loss of, its value.
- Some stocks, often of smaller or new companies, trade less frequently or in smaller volumes. In addition, smaller or newer companies may be more vulnerable to economic, market and industry changes, and thus, can be riskier.
- Stocks may not be registered, publicly listed or traded on an exchange, and they are more likely to be illiquid and therefore subject to a higher degree of liquidity risk than registered or listed securities.

New issues/syndicates are not available for purchase in full-service brokerage retirement accounts.

Your advisor may not recommend the purchase of, or investment in, non-U.S. equity securities (excluding ADRs) in full-service brokerage retirement accounts.

#### **Resource(s) to obtain additional information:**

Refer to available documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you find them.

## **B. FIXED INCOME/BONDS**

### **Description:**

- Bonds are a type of fixed income security which are debt of an issuer. By buying a bond, the bondholder extends a loan to the bond issuer. In return, the bond issuer promises to pay the bondholder interest periodically and principal at maturity.
- Fixed income securities generally provide investors with a steady stream of income, creating a consistent cash inflow to investors. An investor can also use fixed income securities to achieve returns through price appreciation/depreciation.
- Key risks of bonds and other fixed income investments include interest rate risk, credit risk and inflation risk and are described further below.
- There are different types of income products. The following is an illustrative list of some, but not all, of the bonds available to investors and their typical features.
  - **Government bonds** are debt securities issued by a federal government to support government spending. Government bonds can pay periodic interest payments called coupon payments. Government bonds are generally considered low-risk investments since the issuing government backs them. Examples include U.S. Treasuries, Japanese Government Bonds (JGBs) and UK Government Bonds (Gilts).
  - **Municipal bonds** are issued by cities, states, counties or other local governments. Income from municipal bonds is generally exempt from federal taxation.
  - **Agency bonds** are issued by a government agency. These bonds do not include those issued by the U.S. Treasury or municipalities and are not fully guaranteed in the same way as U.S. Treasury bonds. Agency bonds are also known as agency debt.
  - **Corporate bonds** are debt obligations issued by corporations to fund capital improvements, expansions, debt refinancing or acquisitions. Interest is subject to federal, state and local taxes. These include:
    - **Investment-grade corporate bonds** are typically issued by high-quality corporations, those with credit ratings between AAA and BBB.
    - **High-yield corporate bonds** have a higher risk of default or other adverse credit events but typically pay higher interest rates than better quality bonds in order to make them attractive to investors. These bonds also tend to have higher levels of illiquidity.
  - **Emerging market debt** is a term used to encompass bonds issued by less developed countries. It does not include borrowing from governments, supranational organizations such as the International

Monetary Fund, or private sources, although loans that are securitized and issued to the markets can be included.

- **Brokered CDs** are certificates of deposit sold by an intermediary, called a broker. Financial institutions use brokers to market their CDs to help them gain deposits. The rates on brokered CDs tend to be very competitive because the financial institution is competing directly with other institutions for your deposit.
- In addition to exchange-traded securities, we may offer new bond issuance/syndicate<sup>3</sup>, which are bond securities that have been registered and issued and are being sold on a market to the public for the first time. Your advisor may not recommend the purchase of, or investment in, new bond issuance/syndicate in full-service brokerage retirement and discretionary retirement accounts, except for non-JPM issued Retail Fixed Income Notes in full-service brokerage retirement accounts.
- Your advisor may not recommend the purchase of, or investment in, corporate bonds issued by J.P. Morgan and bonds denominated in foreign currencies in full-service brokerage retirement accounts.

### Fees/Mark-Ups:

JPMWM charges a mark-up/mark-down for bond transactions. A mark-up is the difference between a security's lowest current offering price and the price charged to the client, while a mark-down is the difference between the highest current bid price for a security and the lower price that a client receives when selling the security. In brokerage retirement accounts, you generally pay a commission for agency transactions and a mark-up/mark-down for riskless principal transactions.

Asset Class	Maximum Mark-Up (\$/Bond)
High Grade	20.00
High Yield	25.00
Treasury Bills	1.00
Treasury Notes/Bonds	6.25
Municipal Bonds	25.00
U.S. Government Agency Bonds	15.00

### Risks and other relevant information:

Although fixed income investments are generally perceived to be more conservative than stocks, they are not without risk. Below are some of the major risks associated with fixed income securities.

- Bond prices rise when interest rates fall and vice versa. Longer-term securities are more prone to price fluctuation than shorter-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to substantial gain or loss. Income is subject to the credit risk of the issuer of the bond. If an issuer defaults, no future income payments will be made.
- Credit risk is the risk that the issuer of a security may not honor its obligation to pay principal or interest, resulting in a loss to the investor. You should consider the credit risk of an issuer when making an investment decision.
- There are many fixed income products with different degrees of liquidity. There may be no market for a particular security, and you 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 price for a fixed income security.
- Even when a market exists, there may be a substantial credit spread, which is the difference in yield between two fixed income instruments that have a similar maturity but different credit quality. For example, if a 10-year U.S. Treasury note has a yield of 4% and a corporate bond has a yield of 7%, the spread would be  $(7-4)*100 = 300$  basis points.

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<sup>3</sup> The firm leading the underwriting process may bring together several firms (or syndicate) to distribute the new offering.

- The value of fixed income securities generally moves in the opposite direction of credit spreads. Values decrease when credit spreads widen and increase when credit spreads narrow.
- A callable bond permits the issuer to redeem the bonds before the maturity date. Investors in callable bonds may not receive the bond's original coupon rate for the entire term of the bond, and once the call date has been reached, the market value of the bond may be capped at the call price.
- Although U.S. government securities issued directly by the U.S. government are guaranteed by the U.S. Treasury, other U.S. government securities issued by an agency of the U.S. government may not carry such a guaranty. The U.S. government may not provide financial support to its agencies if not required to do so by law. Similar risks apply to securities issued by state government agencies and municipalities.
- Many of the risks in fixed income securities apply to other investments as well. For instance, inflation risk (the risk that returns will not keep pace with inflation) affects every investment. Foreign investments also have currency risk (the risk that currency exchange rate fluctuations may reduce gains or increase losses on foreign investments). Exchange rate volatility also may affect the ability of an issuer to repay its foreign currency denominated debt, thereby increasing credit risk.
- Issuers typically compensate JPMS for the distribution of new issues of securities. Similar to other products, compensation we receive may be allocated as revenue to J.P. Morgan.

#### **Resource(s) to obtain additional information:**

Refer to the prospectuses and other offering materials for additional information.

### **C. LISTED OPTIONS**

#### **Description:**

- Listed options are a type of derivative security traded on an exchange. Specifically, options are contracts that grant the right, but not the obligation, to buy or sell an underlying asset at a set price on or before a certain date.
  - **Call options** are financial contracts that give the option buyer the right, but not the obligation, to buy an underlying asset at a specified price within a specific time period. The underlying asset can be a stock, bond or commodity.
  - **Put options** are contracts that give the option buyer the right, but not the obligation, to sell, or sell short, a specified amount of an underlying asset at a specified price within a specified time frame.
- There are 3 common types of listed options:
  - **European option** – may only be exercised on expiration.
  - **American option** – may be exercised on any trading day on or before expiry.
  - **Bermudan option** – may be exercised only on specified dates on or before expiry.

#### **Fees:**

Refer to the *Fee and Commission Schedules for Brokerage Accounts* in the Appendix of this Guide.

#### **Restrictions:**

Listed option exchanges may, from time to time, restrict the types of transactions that are permitted.

#### **Risks and other relevant information:**

- Options trading involves additional risk, is not suitable for all investors, and is subject to approval. Before buying and selling options, investors should understand all their rights and obligations associated with trading options. For example, the risk of selling (writing) options is considerably greater than the risk involved in buying options. If you buy an option, you cannot lose more than the premium. If you sell (write) an option, the risk can be unlimited. Fluctuations in currency exchange rates may affect the value of any over-the-counter (OTC) option on securities trading in, or denominated in, a foreign currency, as well as the value of any payment or delivery of securities in connection with such OTC options.

- In addition, options can be structured to allow for significant leverage. The use of leverage may have the effect of magnifying an investor's losses or gains and can cause an investor to be highly exposed to risk with very little capital or cash investment. As a result, a relatively small, unexpected change in the notional amount of an investor's position could have a much larger adverse impact on the principal amount invested
- For information about options trading, including the risks, review the Characteristics and Risks of Standardized Options, which you can access at [theocc.com/about/publications/character-risks.jsp](http://theocc.com/about/publications/character-risks.jsp).
- JPMS or an affiliate may act as Primary Market Maker or Competitive Market Maker in option trades executed on an options exchange, may have a position (long or short) in such securities, and may be on the opposite side of public orders executed in such securities.

## **D. FOREIGN EXCHANGE**

### **Description:**

A foreign exchange spot transaction involves two parties agreeing to exchange currency at the exchange rate at the time of trade, or "on the spot." A foreign exchange spot transaction is normally settled within two days.

### **Fees:**

Forward<sup>4</sup> and spot transactions in foreign exchange are executed by JPMorgan Chase Bank, N.A. and are subject to a mark-up (if you are the buyer) or mark-down (if you are the seller) of up to 2.00% of the notional amount per transaction.

### **Risks and other relevant information:**

- Foreign currencies or baskets of currencies may be very volatile and may experience significant drops in value over a short period of time. The value of a foreign currency will depend on, among other economic indicators, movements in exchange rates. Risks and special considerations with respect to foreign currencies include, but are not limited to, economic uncertainties, currency devaluations, political and social uncertainties, exchange control regulations, high rates of interest, a history of government and private sector defaults, significant government influence on the economy, less rigorous regulatory and accounting standards than in the United States, relatively less developed financial and other systems, and limited liquidity and higher price volatility of the related securities markets.
- Your advisor may not recommend the purchase of, or investment in, foreign currencies in full-service brokerage retirement accounts.

### **Resource(s) to obtain additional information:**

Consult available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide these documents to you or help you to find them.

## **E. STRUCTURED INVESTMENTS**

### **Description:**

- Structured investments (or structured products), in general terms, are fixed tenor securities that establish payoff profiles and detail potential benefits and risks linked to market outcomes. The underlying reference assets may include single equity or debt securities, indexes, commodities, interest rates and/or foreign currencies, as well as baskets of these reference assets or market measures.
- Structured products typically have two underlying components parts—a note and a derivative, which is often an option. The note, in some instances, may pay interest or a coupon rate at a specified rate and interval, which may be contingent on the occurrence or non-occurrence of certain event(s).

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<sup>4</sup> A forward contract, or futures contract, involves an agreement of contract terms on the current date with the delivery and payment at a specified future date.

- When packaged into a single security, the components of a structured product have the ability to adjust the underlying reference asset's overall risk and return profile.
- Potential investors should consider whether to invest in structured products in light of their own circumstances, investment objectives, tax position and financial condition. Structured products will be offered by prospectus, term sheet or offering memorandum. The offering document will provide more detailed information regarding the structured product. Potential investors should carefully consider all the information and risk factors set forth in the term sheet or pricing supplement along with all the information set forth in the offering memorandum.
- Some structured products are certificates of deposit of a bank, with the principal amount of the investment protected by FDIC insurance (up to applicable limits) in the case of a bank failure. For more information regarding the FDIC insurance coverage and any applicable limits, visit [FDIC.gov](http://FDIC.gov).

#### **Fees:**

- J.P. Morgan is typically paid a distribution fee of up to 5% of the notional amount of the security. Details on the specific fees and costs associated with each note will be contained in the term sheet for the structured product.
- A structured product's issue price will reflect the costs associated with issuing, selling, structuring and hedging the structured product and will include compensation to an issuer or its affiliate for the structuring work involved in packaging it as one instrument.
- Costs and compensation will vary with each structured product. A structured product may also include an annual fee embedded in an index or calculation, payable to the issuer or index sponsor (which may be JPMS or a non-JPMS affiliate issuer) for structuring or calculating a proprietary index or formula.
- If a structured product has an early redemption feature and is redeemed prior to maturity, the compensation will not be prorated to the period during which the structured product was outstanding and, as a result, the rate of compensation will be higher. This compensation structure creates a conflict of interest that incentivizes an advisor to recommend frequent structured product transactions.

#### **Restrictions:**

- **Paperless delivery** – You must be enrolled in paperless delivery of all investor materials through [chase.com](http://chase.com) or the Chase Mobile app to be approved for structured products. If we do not have your electronic consent and email address on file, you will not be able to invest in this product.
- **Issuers** – We will only recommend structured products issued by counterparties approved by J.P. Morgan.
- **Payoff profiles** – The payoff profiles we recommend are documented and evaluated through the appropriate internal approval channels.
- Clients need to meet suitability criteria to transact in structured products, which may vary across different types of structured products.
- Structured products may not be available for all investors or account types. Structured products are only offered by our Private Client Advisors and not our Financial Advisors.

#### **Risks and other relevant information:**

An investment in structured products involves a number of risks. The following does not comprise a complete list of all the risks relating to structured products. You should consider these risks as you choose your investments.

- **Suitability** – Investments in structured products may not be suitable for all investors. These types of investments entail varying degrees of risk, and while some structured products offer full or partial principal protection, others can result in the loss of the full amount invested.
- **Credit risk** – Structured products are subject to the issuer's and the guarantor's, if any, financial ability to meet their payout obligations.

- **Liquidity risk** – Structured products may not be publicly listed or traded on an exchange and therefore may be illiquid.
- **Early redemption risk** – Prior to maturity, structured products will generally only be repurchased by the issuer and only upon terms and conditions acceptable to the issuer. Structured products may not be transferable or negotiable. In the event that an issuer consents to early liquidation, you will likely not fully participate in the benefits of the structured product, such as principal protection, buffers or enhanced returns. Additionally, an early liquidation or redemption may expose you to reinvestment risk in light of other investments available at the time of liquidation/redemption.
- **Underlying risk; relative performance; volatility** – Investing in a structured product is not the same as investing directly in the underlying asset. The return on a structured product at maturity may not be the same as the return on a direct investment in the underlying asset, and the maximum payment on a structured product may be subject to a cap, which would limit appreciation potential compared to a direct investment. Because the amounts payable with respect to a structured product are generally calculated based on the value or level of the underlying asset on a specified date, or over a limited period of time, the volatility of the asset increases the risk that the return on the structured product may be adversely affected by a fluctuation in the level of the underlying asset. The volatility of an asset, particularly a currency or commodity, may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets.
- **Conflicts of interest; hedging and issuer trading activities** – Issuers of structured products generally hedge their exposure in the structured product. Such hedging may involve the issuer, directly or through its affiliates, entering into transactions involving the securities, commodities, currencies, or other instruments underlying the structured product, or derivative instruments, such as swaps, options or futures, on the underlying asset. By engaging in transactions of this kind, the issuer could adversely affect the value of a structured product and could achieve substantial returns from its hedging transactions, while the value of the structured product may decline. Issuers and their affiliates also may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other accounts under their management; in the securities, commodities, or other instruments underlying a structured product; or in other derivative instruments related to the underlying asset. These trading activities could adversely affect the value of a structured product. The issuer and its affiliates may also introduce competing products into the marketplace that adversely affect the value of a structured product.
- **Conflicts of interest; affiliates** – We have a conflict of interest when recommending structured products issued by J.P. Morgan affiliates because it increases the overall revenue of JPMS.
  - When playing multiple roles and performing duties, JPMS' and J.P. Morgan's economic interests and your economic interests in structured products potentially could be adverse. It is also possible that JPMS' or its affiliates' hedging or trading activities in connection with structured products could result in substantial returns for JPMS or its affiliates while the value of structured products decline.
- **Split hedging** – For certain structured products, JPMS may engage in up to 50% of the hedging activities—known as “split hedging”—with third-party issuers who issue the structured products. There is a conflict of interest when engaging in split hedging because this may increase the overall revenue of JPMS.
- Use of structured products may not be suitable for all investors. Neither JPMS nor any of its affiliates render tax or legal advice. Therefore, clients are strongly encouraged to consult with outside tax and legal professionals regarding the potential that the use of structured products may generate undesired tax liabilities and penalties.

#### **Resource(s) to obtain additional information:**

Review available offering documents for any security we recommend for a discussion of risks associated with structured products. We can provide those documents to you or help you find them.

## F. MUTUAL FUNDS

### Description:

- Many investors turn to mutual funds to meet their long-term financial goals. Mutual funds offer the benefits of diversification and professional management and are seen as an easy and efficient way to invest. A mutual fund is an investment company that pools assets from many investors and invests the money in stocks, bonds, and other securities or assets in some combination. The holdings of the mutual fund are its “portfolio.” Each share of the mutual fund represents an investor’s proportionate ownership of the fund’s holdings and the income those holdings may generate.
- There is a wide variety of mutual funds, covering a range of strategies and risks, including stock, fixed income, balanced, multi-asset and index funds. Although many mutual funds available through JPMWM will follow a traditional long-only investment strategy, some mutual funds may use more complex investment strategies similar to those employed by private alternative investment vehicles, such as hedge funds and private equity funds. Refer to section titled “Complex Registered Mutual Funds and Exchange-Traded Products” in Section 4 for more information regarding these products.
- All mutual funds carry risk. Your investment will go up and down in value. You can lose some or all of your money. Your earnings can fluctuate too.
- All mutual funds have costs that lower your investment returns.
- The mutual funds and share classes available through JPMWM are limited and will change from time to time. It is important to work with your advisor to determine which funds and share classes are available for purchase in your account.
- Before you invest, be sure to read the fund’s prospectus, or Program Disclosure Brochure for 529 plans, to learn about the fund you’re considering. The fund prospectus contains important information regarding the fund’s investment objectives, strategies, risks, charges, expenses and other matters significant to your investment choice. By clearly understanding the investment you’re considering, you’ll be better prepared to make a sound investment decision. To obtain a prospectus, please contact your advisor.

### Fees & Expenses:

#### Fees and charges paid directly by investors – share classes

- In general, there are fees you pay to a mutual fund company and/or financial intermediary when you purchase a mutual fund share class. Each share class invests in the same investment portfolio of securities but has different sales charges and expenses. Among the most common retail brokerage share classes, and the ones generally available through the JPMS platform, are Class A and Class C shares. Certain other mutual fund share classes are subject to conditions and restrictions and may not be available for purchase by all investors. Investors should be aware that the share class of a fund available through the JPMS brokerage platform may differ from the share class available to similar accounts managed by or held at JPMS or its affiliates, including the J.P. Morgan Private Bank (Private Bank), and that certain lower cost fund share classes may be available outside the JPMS brokerage platform. Clients should contact their advisor for information about any limitations on share classes available through the brokerage platform.
- The following is a summary of share classes and fees associated with client mutual fund purchases in a JPMS brokerage (i.e., not a fee-based advisory) account. For additional information about mutual fund fees, you should refer to the fund’s prospectus.
  - **Class A shares – front-end sales charge** – Class A shares generally include a front-end sales charge (or load) that’s included in the purchase price of the shares and is determined by the amount you invest. These loads generally range from 0% to 5.75% and are disclosed in the prospectus. The more you invest, the lower your purchase cost as a percentage of your investment. Many mutual fund families offer volume discounts, known as “breakpoints,” based on the amount of investment. Information regarding a mutual fund’s breakpoints may be found in the prospectus. Class A shares usually have lower 12b-1 fees (annual marketing or distribution fees, described below) than Class C shares offered by the fund and therefore

may be the less costly method to purchase mutual funds for long-term investors. Many mutual funds provide that purchases of \$1 million or more of Class A shares will not be subject to a front-end sales charge. However, the purchaser will incur a deferred or back-end sales charge if any of the shares are sold within a specified time period, generally 12 to 18 months. In addition, certain investors may be entitled to a sales charge or load waiver based, for example, on account type or employment affiliation (refer to "Waivers" below).

- **Class C shares – contingent deferred sales charge** – These are sales charges that are applied when mutual fund shares are redeemed within a specified number of years (varies by prospectus). These charges generally range up to 1% for C shares. These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus. While C shares generally do not include front-end sales charges, they do contain higher 12b-1 fees and may have a sales charge if you sell within the first year. In addition, 12b-1 fees never convert to a lower amount, and over a longer period of time, the higher total fund expenses will result in lower returns than Class A shares.
- **Waivers** – It's important to read the prospectus and work with your advisor to learn how a particular fund establishes eligibility for mutual fund sales charge reductions and waivers. A mutual fund's breakpoint schedule and waiver eligibility rules can be found in the fund's prospectus or Statement of Additional Information (SAI). If you believe you are eligible for a front-end sales charge waiver, please notify your advisor.
- **Share class availability** – In your full-service brokerage account, you generally may purchase either Class A or Class C shares. Be aware that many mutual funds offer institutional, retirement, no-load or other share classes that have lower aggregate fees than Class A or Class C shares. Because JPMS receives higher compensation from mutual funds for Class A and/or Class C shares relative to less expensive share classes that may otherwise be available, there is a conflict of interest. If you believe you are eligible for a lower price share class, please contact your advisor for availability.<sup>5</sup>
  - No-load, institutional level share classes may be available to you through JPMWM asset-based fee advisory programs. In these programs, you typically pay an annual fee based on a percentage of the value of the assets held in your account, including the value of the fund shares. These programs provide features and benefits that may not be available in a full-service brokerage account that receives sales loads. The total cost of purchasing and holding mutual fund shares through an asset-based fee advisory program may be more or less than investing in mutual fund shares in a JPMWM brokerage account that is serviced by your advisor.
  - No-load mutual funds may be purchased directly through many mutual fund companies without intervention of a financial intermediary and without payment of a service fee. Consult the prospectus for the fund in which you are interested for direction on how to do so.
  - Private Bank, a different line of business, only recommends J.P. Morgan Funds (with limited exceptions) and provides its clients an institutional level share class.
  - You may purchase load-waived and no-load mutual funds in your J.P. Morgan Self-Directed Investing account. Representative-assisted trades are subject to a transactional fee.
  - For more information, refer to the fund prospectus or contact your advisor.

#### **Fees and expenses paid to or indirectly through the mutual fund**

- **Fund fees and expenses** – The ongoing costs of running a fund are called its fees and expenses. The fund pays these fees and expenses from the fund's assets before distributing any earnings to investors, which reduces the returns of the fund. You can find the fees and expenses of a fund by looking at its "expense ratio,"

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<sup>5</sup> Some mutual fund families enable an automatic conversion of C shares to A shares (or another eligible share class as disclosed in the fund's prospectus) of the same fund in the month following the anniversary of the purchase date after a number of years. For example, if you purchase fund shares through a JPMS brokerage account, you are eligible for the Class C share conversion rights set forth in the fund's prospectus after 6 years. If a fund family's prospectus allows for automatic Class C share conversions sooner than 6 years from the date of purchase, the earlier prospectus conversion requirements will apply.

which is disclosed in the fund's fact sheet and prospectus/summary prospectus. The expense ratio is the fund's total annual costs as a percentage of its assets, or net asset value (NAV). Types of fees and expenses include:

- **Management fees** – The management fee is paid to the fund's investment advisor for researching and selecting securities in the fund's portfolio and managing its assets.
- **Distribution [and/or service] (12b-1) fees** – Fees paid by some mutual funds pursuant to Rule 12b-1 of the Investment Company Act of 1940, which allows funds to use fund assets to pay the costs of marketing and distribution of the fund's shares. Some 12b-1 plans also authorize and include "shareholder service fees," which are fees paid for personal service provided to shareholders and/or the maintenance of shareholders accounts, such as responding to investor inquiries and providing investors information about their investments. A fund may pay fees for shareholder servicing without adopting a 12b-1 plan. If paid as part of a fund's 12b-1 plan, such fees will be included in the fund's fee table. If paid outside a 12b-1 plan, then these fees will be included in the "Other expenses" category described below.
- **Other expenses** – Other costs, such as shareholder servicing, recordkeeping, legal and accounting services, custody, transfer agency and administration, are also included in the fund's expenses.
- **Additional fees on transactions** – In addition to sales charges, you may need to pay other fees on certain mutual fund transactions, including:
  - **Redemption fees** – Some funds may charge fees to investors who redeem their shares within a specified time period (generally within a few months of purchasing them). These fees are typically up to 2% and are usually returned to the portfolio to offset the trading costs.
  - **Exchange fees** – Exchange privileges allow a shareholder to exchange their investment in a fund for another within the same fund family. However, in some cases, you may be charged a small exchange fee for doing so.

For complete information about mutual fund fees associated with specific funds, you should refer to the fund's prospectus and SAI. You can find information about sales charges in the standardized fee table located near the front of a fund's prospectus under the heading "Shareholder Fees" and information about the expenses you pay indirectly through fund assets in the standardized expense table under the heading "Annual Fund Operating Expenses."

#### **Compensation JPMS receives from mutual fund companies<sup>6</sup>**

- **Distribution [and/or service] (12b-1) fees** – JPMS receives Service/12b-1 fees from the mutual fund companies on its brokerage platform. Like other fees and expenses in a mutual fund, these fees will reduce investment returns. The exact amount of such fees paid out varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of Service/12b-1 fees in mutual funds on the platform are as follows: A shares: 0%–0.5% (most frequently 0.25%), C shares: 0%–1% (most frequently 1%).
- **Administrative servicing/recordkeeping fees** – Mutual funds or their fund affiliates may pay us fees for providing certain administrative services and/or recordkeeping, which may 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, and distributing prospectuses and other fund reports. The fees for these services are typically called "administrative servicing fees" or "recordkeeping fees." These may also be referred to as "shareholder servicing fees." The fees may be based on the number of fund positions held by our clients (generally in the range of \$0–\$20 per position) or based on assets, expressed as a percentage (generally in the range of 0%–0.25%). These fees generally are paid from investor assets in mutual funds, but in some cases are subsidized in part by affiliates or the distributor of the mutual funds (such affiliate payments may be referred to as "revenue sharing").

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<sup>6</sup> The fee ranges quoted in this section are generally for the funds approved for purchase on the JPMWM full-service brokerage platform. Similar fees may be taken by J.P. Morgan in connection with other funds that are not approved but are held upon client request, and applicable rates may differ.

- **Revenue sharing** – Separate from the sales charges, 12b-1 fees and administrative servicing and/or recordkeeping fees described above and in the mutual fund’s prospectus, certain mutual fund sponsors or distributors (known as “fund partners”) may make additional payments to us or our affiliates in certain sales channels based on overall sales and/or assets. These payments are typically called revenue sharing and are paid from the entity’s revenues or profits, not from the fund’s assets, but the entity’s revenues or profits may reflect fees paid to them by the fund.

JPMS may receive payments as a percentage of:

- The total purchase amount of one of these mutual funds. Percentage payments currently range from 0% to 0.25%; and
- The amount you hold in your account (for any fund you hold in your account, and for as long as you hold that fund). Percentage payments range from 0% to 0.10%.

In addition, we receive a fixed annual payment from certain mutual fund of up to \$50,000.

We may allow representatives of all our approved mutual funds, including the J.P. Morgan Funds, access to advisors for educational and promotional purposes, subject to conditions imposed by us. Some funds allocate more resources for these purposes, which could cause advisors to become more familiar with those funds and focus on them when meeting with clients. Funds or their affiliates may pay for sales meetings, seminars and conferences we hold in conducting our business, subject to conditions we impose. The extent to which a fund is willing to pay for these activities is solely determined by the fund’s advisers or affiliates, not by us. For additional information and a list of fund partners from whom JPMS receives revenue sharing, refer to Appendix B.

- **Conflicts of interest** – The level of payments to us varies in any given year. Payments for sales of one fund’s shares may be more or less than the payments we receive from other mutual funds’ advisers, distributors or other entities, and in certain instances, the payments could be significant. While any such payments will not change the net asset value or price of a fund’s shares, the payments create a conflict of interest, as there will be a direct incentive to promote and recommend those funds whose sponsors make significant payments. Similarly, we have a conflict in recommending mutual funds that pay these fees instead of ETFs or other securities or products that do not pay any of these fees.

### **Advisor compensation for mutual funds sales**

Depending on the type of mutual fund and share class you buy, as well as account type, Private Client Advisors receive a portion of the 12b-1 fees and sales charges or finder’s fees paid to JPMS by mutual fund companies. Advisor compensation is described further in this booklet, but here we highlight some specific things you should know about mutual fund compensation for Private Client Advisors.

To mitigate potential conflicts of interest created by offering mutual funds with different 12b-1 fees, sales charges or finder’s fees, and thus opportunity for Private Client Advisors to receive more or less revenue credit based on the specific mutual fund you buy, we have taken the steps described below. This does not impact any fees or expenses paid by you as described above and detailed in the mutual fund prospectus.

- Regardless of the sales charge paid by you at the time of purchase, or the finder’s fee paid by the mutual fund distributor, the portion of payment credited to a Private Client Advisor is generally the same for any given purchase amount within the following fund classifications: Equity mutual funds (0.15%–4.00%), Fixed Income mutual funds (0.15%–3.30%), Fixed Income Short Duration mutual funds (0.40%–1.95%), and Asset Allocation/Other mutual funds (0.15%–4.00%).
- Private Client Advisors also receive a portion of ongoing 12b-1 fees on A shares: 0%–0.25% and C shares: 0.50%–1.00%, depending on the specific mutual fund you buy.

The above compensation schedule for mutual funds is at the discretion of JPMS and subject to change.

### **Proprietary mutual funds and affiliated service providers**

Affiliates of JPMS provide investment management and other services, such as shareholder servicing, custody, fund accounting, administration, distribution and securities lending, to the J.P. Morgan Mutual Funds for which those

affiliates receive fees. Therefore, J.P. Morgan as a firm will receive greater compensation if its clients buy shares of the J.P. Morgan Mutual Funds than if they buy shares of non-affiliated mutual funds.

#### **Resource(s) to obtain additional information:**

Consult a fund's prospectus, SAI and any other available offering documents for any fund we recommend for a discussion of risks associated with the product. You can also find additional information about investing in mutual funds at [chase.com/mutualfunds](https://chase.com/mutualfunds).

### **G. MONEY MARKET FUNDS**

#### **Description:**

- These funds seek to pay higher returns than interest-bearing bank accounts. Money market funds invest in high-quality, short-term debt securities and pay dividends that generally reflect short-term interest rates. However, they are not bank accounts, not FDIC-insured and not guaranteed to maintain their value.
- During extreme market volatility:
  - **Mandatory liquidity fees** – Institutional prime and institutional tax-exempt money market funds are required to impose liquidity fees when a fund experiences daily net redemptions that exceed 5% of net assets.
  - **Discretionary liquidity fees** – Money market funds may impose a fee to redeeming investors when the fund's board determines that such fee is in the best interests of the fund.
- Fund companies must designate money market funds (at the strategy level) as retail, institutional or government.
  - Retail money market funds have policies and procedures reasonably designed to limit all beneficial owners to "natural persons" (for example, individuals, but not corporations) and maintain a stable \$1.00 NAV.
  - Institutional money market funds may also impose a "floating NAV" (no longer maintaining a stable price) that would allow the value of its shares to fluctuate in extreme conditions.
  - In a scenario in which a fund has negative gross yield, as a result of negative interest rates, a stable NAV fund, either institutional or retail, may (i) convert to a floating share price or (ii) reduce the number of its shares outstanding to maintain a stable NAV per share.
  - Government money market funds invest at least 99.5% of their total assets in cash, government securities or equivalents and maintain a stable \$1.00 NAV.

#### **Fees & Expenses:**

##### **Fees and expenses paid to or indirectly through a money market fund**

- **Fund fees and expenses** – The ongoing costs of running a fund are called its fees and expenses or its annual fund operating expenses. The fund pays these fees and expenses from its assets before distributing any earnings to investors, which reduces the returns of the fund. You can find the fees and expenses of a fund by looking at its "expense ratio," which is disclosed in a fund's fact sheet and prospectus/summary prospectus. The expense ratio is the fund's total annual costs as a percentage of its assets, or NAV. Types of fees and expenses may include:
  - **Management fees** – The management fee is paid to the fund's investment advisor for researching and selecting securities in the fund's portfolio and managing its assets.
  - **12b-1 fees** – Fees paid by some money market funds pursuant to Rule 12b-1 of the Investment Company Act of 1940. Rule 12b-1 distribution fees allow funds to use fund assets to pay the costs of marketing and distribution of the fund's shares. Some 12b-1 plans also authorize and include "shareholder service fees," which are fees paid for personal services provided to shareholders and/or the maintenance of shareholder accounts. A fund may pay fees for shareholder servicing without adopting a 12b-1 plan. If

paid as part of a fund's 12b-1 plan, such fees will be included in the fund's fee table. If paid outside a 12b-1 plan, then these fees will be included in the "Other expenses" category described below.

- **Other expenses** – Other costs, such as recordkeeping, legal and accounting services, custody, transfer agency and administration, and other cost for servicing shareholders, are also included in the fund's expenses.
- **Additional fees on transactions** – In addition to sales charges, you may need to pay other fees on certain money market fund transactions, including:
  - **Mandatory liquidity fees** – Institutional prime and institutional tax-exempt money market funds are required to impose liquidity fees when a fund experiences daily net redemptions that exceed 5% of net assets. The fee has no upper limit but will be determined by an estimate of the costs of selling a pro rata amount of each portfolio security or, if the fund cannot estimate this cost, a default liquidity fee of 1% of the value of shares redeemed.
  - **Discretionary liquidity fees** – Money market funds may impose a fee to redeeming investors when the fund's board determines that such fee is in the best interests of the fund. The fee cannot exceed 2% of the value of the shares redeemed.
  - **Exchange fees** – Exchange privileges allow a shareholder to exchange their investment in a fund for another within the same fund family. However, in some cases, you may be charged a small exchange fee for doing so.
- For complete information about money market fund fees associated with specific funds, you should refer to the fund's prospectus and SAI. You can find information about sales charges in the standardized fee table located near the front of a fund's prospectus under the heading "Shareholder Fees" and information about the expenses you pay indirectly through fund assets in the standardized expense table under the heading "Annual Fund Operating Expenses."

#### **Compensation J.P. Morgan receives from money market fund companies<sup>7</sup>**

- **12b-1 distribution fees** – JPMS may receive 12b-1 distribution fees from the money market funds approved for its full-service brokerage platform. Like other fees and expenses in a money market fund, 12b-1 distribution fees will reduce investment returns. The exact amount of such fees paid out varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical range of 12b-1 distribution fees for approved money market funds is 0%–0.60%.
- **Servicing and administrative fees** – Money market funds or their fund affiliates may pay JPMS fees for providing certain shareholder services, administrative services and/or recordkeeping. Shareholder services may include responding to investor inquiries and providing investors information about their investments. Administrative services and/or recordkeeping may 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, and distributing prospectuses and other fund reports. Such fees may be based on the number of positions held by J.P. Morgan clients or based on assets expressed as a percentage. Depending upon the share class and specific arrangements with fund families, as compensation for these shareholder services, administrative services and/or recordkeeping, JPMS may receive fees payable by fund companies for these services that may be bundled into one fee, typically between 0% and 0.80% for approved money market funds, which may include up to a 0.25% shareholder service fee, whether paid from a 12b-1 plan or outside of a 12b-1 plan. These fees generally are paid from investor assets in money market funds, but in some cases are subsidized in part by affiliates or the distributor of the funds (such affiliate payments may be referred to as "revenue sharing").

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<sup>7</sup> The fee ranges quoted in this section are generally for the funds approved for purchase on the JPMWM full-service brokerage platform. Similar fees may be taken by J.P. Morgan in connection with other funds that are not approved but are held upon client request, and applicable rates may differ.

- **Revenue sharing** – Separate from the 12b-1 distribution fees and servicing and administrative fees noted above and described in the fund's prospectus, certain money market fund sponsors or distributors (known as “fund partners”) make additional payments to JPMS or its affiliates in certain sales channels for providing additional marketing, sales and/or support services. These payments are typically called revenue sharing and are paid from the entity's revenues or profits, not from the fund's assets, but the entity's revenues or profits may reflect fees paid to them by the fund. JPMS may receive a payment as a percentage per year of the amount held in these money market funds. Percentage payments generally range from 0% to 0.19% for approved money market funds.

JPMS may allow representatives of all its approved money market funds, including the J.P. Morgan Money Market Funds, access to its advisors for educational and promotional purposes, subject to conditions imposed by JPMS. Some funds allocate more resources for these purposes, which could cause advisors to become more familiar with those funds and focus on them when meeting with clients. Funds or their affiliates may pay for sales meetings, seminars and conferences JPMS holds in conducting its business, subject to conditions imposed by JPMS. The extent to which a fund is willing to pay for these activities is solely determined by the fund's advisers or affiliates, not by JPMS. For additional information and a list of fund partners from whom JPMS receives revenue sharing, refer to Appendix B.

- **Conflicts of Interest** – The level of payments to JPMS varies in any given year. While any such payments will not change the net asset value or price of a fund's shares, the payments create a conflict of interest, as there will be an incentive to promote and recommend those funds whose sponsors make significant payments.
- **Advisor compensation from money market funds** – Your JPMS advisor may receive an annualized credit of up to 0.10% of the average daily balances in money market funds.
- **Proprietary money market funds and affiliated service providers** – Affiliates of JPMS provide investment management and other services, such as shareholder servicing, custody, fund accounting, administration, distribution and securities lending, to the J.P. Morgan Money Market Funds for which those affiliates receive fees. Therefore, J.P. Morgan as a firm will receive greater compensation if its clients buy shares of the J.P. Morgan Money Market Funds than if they buy shares of non-affiliated money market funds.

#### **Restrictions:**

The money market funds and share classes available through JPMS are limited and will change from time to time. It is important to work with your advisor to determine which funds and share classes are available for purchase in your account.

#### **Disclosures Language:**

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency, nor is it guaranteed by any private entity, such as an investment adviser or custodian. Although money market funds strive to preserve the value of the investment, it is possible to lose money by investing in them.

#### **Resource(s) to obtain additional information:**

For complete information about money market fund risks and fees associated with specific funds, you should refer to the fund's prospectus and SAI or Key Information Document for offshore funds.

## **H. EXCHANGE-TRADED PRODUCTS**

#### **Description:**

- In general, exchange-traded products (ETPs) are investment vehicles that are listed on an exchange and can be bought and sold throughout the trading day like a stock. ETPs seek to provide investors with exposure to financial instruments, financial benchmarks or investment strategies across a wide range of asset classes.

Exchange-traded funds (ETFs) are the most common type of ETP, but ETPs also include exchange-traded notes (ETNs<sup>8</sup>) and exchange-traded commodities (ETCs<sup>8</sup>).

- Certain ETPs are more similar to mutual funds than others, ETFs, like mutual funds, are SEC-registered investment companies that offer investors a way to pool their money in a fund that makes investments in stocks, bonds, other assets or some combination of these investments and, in return, receive an interest in that investment pool. Other types of ETPs, are generally structured as trusts or partnerships that are not registered under the Investment Company Act of 1940 and that may physically hold a precious metal, a portfolio of futures or other derivative contracts on certain commodities or currencies. ETNs, however, are more similar to corporate bonds in that they are debt securities of the issuer, typically a bank or another financial institution; but, unlike traditional bonds, generally do not pay interest to investors. Instead, the return of an ETN is based on the performance of the reference index or benchmark to which is linked. Also, unlike ETFs, ETNs don't hold an underlying portfolio of assets.
- Unlike mutual funds, which have their NAVs calculated at the end of each trading day, the prices for ETPs typically change within the trading day, fluctuating with supply and demand. Therefore, for example, the price of an ETF may be different than its NAV. ETP trading occurs on national securities exchanges and other secondary markets, instead of selling individual shares directly to, or redeeming their individual shares directly from, investors (as is the case with mutual funds).
- There are costs associated with owning ETPs. Before investing in ETPs, you should consider the products' investment objectives, risks, charges and expenses. Contact your advisor for a prospectus or, if available, a summary prospectus containing this information. Read it carefully. ETPs are subject to market fluctuation and the risks of their underlying investments; ETPs are also subject to management fees or investor fees and other expenses.
- Refer to section titled "Complex Registered Mutual Funds and Exchange-Traded Products" for more information regarding these products.

#### **Compensation J.P. Morgan receives from exchange-traded fund (ETF) sponsors:**

- **Revenue sharing** – Certain actively managed ETF sponsors make payments to J.P. Morgan Securities LLC or its affiliates based on the assets that J.P. Morgan Securities LLC brokerage clients hold in the ETF sponsor's actively managed ETF. These payments to J.P. Morgan Securities LLC or its affiliates are typically called revenue sharing and are paid from the ETF sponsor's revenues or profits, not from the ETF's assets, but the ETF sponsor's revenues or profits reflect fees paid to them by the ETF. J.P. Morgan Securities LLC anticipates that beginning in January 2026, your J.P. Morgan advisor will only recommend actively managed ETFs whose sponsors revenue share with J.P. Morgan subject to certain exceptions. As such, beginning in January 2026, you should assume that if an actively managed ETF is recommended by your J.P. Morgan advisor, that ETF sponsor shares revenue with J.P. Morgan Securities LLC. (A list of ETF sponsors who have not entered into an agreement to revenue share with J.P. Morgan Securities LLC can be found at [jpmorgan.com/active-etf-revenue-sharing](https://jpmorgan.com/active-etf-revenue-sharing)). Where an ETF sponsor shares revenue with J.P. Morgan Securities LLC, J.P. Morgan Securities LLC receives payments as a percentage per year of the amount of assets that J.P. Morgan Securities LLC brokerage clients held in that sponsor's ETFs — currently up to 15% of each actively managed ETF's management fee, not to exceed 0.15% of J.P. Morgan Securities LLC brokerage client assets held in the ETF.
- **Conflicts of Interest** – J.P. Morgan Securities LLC anticipates the level of payments J.P. Morgan Securities LLC receives from actively managed ETF sponsors to vary in any given year both in the aggregate and from individual actively managed ETF sponsors. While revenue sharing payments will not change the net asset value or price of an ETF's shares, the revenue sharing creates a conflict of interest, as there will be a financial incentive for J.P. Morgan Securities LLC and your J.P. Morgan advisor to promote and recommend those ETF's whose sponsors pay more in revenue sharing payments over ETFs whose sponsors pay less. Similarly, J.P. Morgan Securities LLC has a conflict and financial incentive to recommend actively managed

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<sup>8</sup> You will not be able to invest in J.P. Morgan-issued ETNs and ETCs in full-service brokerage retirement accounts.

ETFs that make these revenue sharing payments instead of ETFs or other securities or products that do not revenue share.

### **Proprietary exchange-traded funds and affiliated service providers**

Affiliates of JPMS provide investment management and other services, such as shareholder servicing, custody, fund accounting, administration, distribution, and securities lending, to the J.P. Morgan ETFs for which those affiliates receive fees. Therefore, J.P. Morgan as a firm will receive greater compensation when its clients buy shares of the J.P. Morgan ETFs than if they buy shares of non-affiliated ETFs.

### **Fees:**

Refer to the *Fee and Commission Schedules for Brokerage Accounts* in the Appendix of this Guide.

### **Restrictions:**

JPMWM may restrict activity in certain types of financial instruments including, but not limited to, crypto-linked instruments and shares of mutual funds and ETPs that are considered inverse, leveraged or volatility-linked. Contact your advisor for product availability through your full-service brokerage account.

### **Risks and Other Relevant Information:**

- The prospectus of an ETP contains important information regarding the investment objectives of the ETP, its merits, risks, charges, expenses and other matters of interest, and must be read carefully before a decision is made to invest. JPMWM will provide a copy of the prospectus to you on request.
- ETPs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. In addition, there is no guarantee that an ETP will track the exact performance of its index.
- Some ETPs may not, for example, have the liquidity of traditional ETPs, provide periodic pricing or valuation information to investors, and be subject to the same regulatory requirements as traditional ETPs. These complex registered ETPs also typically pursue alternative investment strategies. While traditional ETPs generally focus their investment strategies on long-term buy-and-hold stock and bond investing, complex registered ETPs generally employ more complex trading strategies, such as selling securities short in anticipation of a drop in their price, using leverage, and purchasing options and futures. Some complex registered funds also focus their investment strategies on investing in gold, commodities (such as copper and oil) or real assets such as real estate. These strategies have generally been associated with alternative investment products, such as hedge funds, may charge higher fees, have higher expenses and that may increase the risk of the complete loss of the investment compared to traditional ETPs.

### **Resource(s) to obtain additional information:**

Refer to the prospectuses for additional information.

## **I. ANNUITIES**

### **Description:**

What is an annuity?

- For detailed information on insurance products, including fees, expenses, benefits and subaccount investment options, please contact the insurance carrier directly or refer to the product prospectus, investment subaccount prospectus, your contract and other related materials provided by the insurance carrier.
- An annuity is a contract between you and the insurance company in which you make a lump sum or series of payments in exchange for certain guarantees related to income, death benefits, accumulation and tax deferral, to name a few.
- There are different types of annuities, many of which are designed to meet specific needs and help clients achieve their retirement goals. Refer to "Types of Annuities" section below for a description of each type distributed by JPMWM.

- Annuities are created by insurance companies and are filed with the various state insurance commissioners for approval. Annuity products are distributed on behalf of the insurance carriers.
- It is important to note that insurance products are not bank deposits and are not insured by the FDIC or any other agency of the U.S., nor are they obligations of, nor insured or guaranteed by JPMorgan Chase Bank, N.A., CIA, JPMS, or their affiliates, except where specifically disclosed. Brokerage services are offered through JPMS. All guarantees are based on the claims-paying ability of the issuing insurance company.

### Types of Annuities:

- **Fixed rate annuities** – Fixed rate annuities accumulate funds or distribute income at guaranteed rates and in guaranteed amounts. Fixed rate annuities earn interest at a set rate for a specified period of time. A Fixed rate annuity may be a good choice if you are seeking predictable returns, tax-deferred growth and principal protection from market loss. Fixed rate annuities also offer an income option that converts the balance of the fixed rate annuity into a guaranteed income stream through annuitization. Chase Insurance Agency, Inc., also makes available fixed rate annuities that do not include Guaranteed Return of Premium (GROP). Crediting rates for an annuity with GROP are typically lower than for an annuity contract that does not provide the GROP feature. When purchasing a fixed rate annuity, it is important to discuss with your representative whether principal protection is important to you relative to your investment objectives and liquidity needs. Note: Some fixed rate annuities may have a living benefit rider that can provide guaranteed lifetime income.
- **Fixed indexed annuities** – Fixed indexed annuities are designed to provide a return based on the performance of an underlying index such as the S&P 500. While the benchmark index does track to the market, the client is not directly exposed to the market. Typically, the client's return is either a percentage of the underlying index's performance, or the return is capped at a certain percentage of the index's performance. Fixed indexed annuities provide the client the opportunity to have growth based on market performance while having 100% downside protection from market loss. Note: Some fixed indexed annuities may have a living benefit rider that can provide guaranteed lifetime income.
- **Single premium immediate annuities (SPIAs)** – SPIAs are designed to provide an immediate income stream through annuitization of the purchase payment. SPIAs typically require the income benefit to commence within 13 months of purchase. A client will lose access to their premium in exchange for a guaranteed lifetime income payment.
- **Variable annuities** – Variable annuities accumulate funds or distribute income based on the performance of the underlying investment options chosen by the contract owner. Some of the features variable annuities may provide include: (1) guaranteed lifetime income, (2) standard or enhanced guaranteed minimum death benefits, (3) tax deferral, or (4) principal protection. A variable annuity offers a range of investment options. The value of your investment as a variable annuity owner will vary depending on the performance of the investment options you choose. The investment options for a variable annuity are typically investment subaccounts or funds that invest in stocks, bonds, money market instruments or some combination of the three.
- **Buffered annuities** – Buffered annuities, also known as registered index-linked annuities, are designed to provide a return based on the performance of an underlying index such as the S&P 500, and similar to fixed indexed annuities, while the index does track to the market, the client is not directly exposed to the market. The key difference between a buffered annuity and a fixed indexed annuity is that a buffered annuity will typically provide higher caps or percentage of the index performance while providing limited downside protection options. For example, a buffered annuity provides 10% or 20% downside protection, whereas a fixed indexed annuity provides 100% downside protection from market loss. Note: Some buffered annuities may have a living benefit rider that can provide guaranteed lifetime income.
- **Advisory fee-based variable annuities** – Advisory fee-based variable annuities are distributed by Private Client Advisors for an ongoing annual asset-based advisory fee. Advisors selling advisory fee-based annuities do not receive commissions for the sale of the variable annuity, but instead the advisor and the associated investment adviser charge a fee for the investment advice related to asset allocation of the underlying subaccounts/funds in the variable annuity.

- **Private Placement Variable Annuities** – Private placement variable annuities accumulate funds based on the performance of the underlying investment options chosen by the contract owner. Private placement variable annuities can only be purchased by accredited investors and qualified purchasers via certain Private Client Advisors. The underlying investment options in the private placement variable annuity are typically alternative investment options such as hedge funds, private credit, real estate, etc. Other investment options that invest in stocks, bonds or money market instruments may also be available within the product for liquidity purposes. In the private placement variable annuity, the underlying alternative funds will have specific fees, subscription rules, redemption rules and other details that will be provided in the fund specific offering memorandum. The value of your investment as a private placement variable annuity owner will vary depending on the performance of the investment options you choose.

## **Fees:**

Annuity product fees, including contingent deferred sales charges, are collected by the insurance carrier. Depending on the type of annuity and the issuing insurance company, clients will incur certain product fees associated with their annuity. These fees range from fees to cover the cost of insurance to investment management fees. Refer to your contract and/or prospectus for specific fees charged by the insurance company. The following outlines the fees typically incurred on annuities by product type:

### **Fixed Rate Annuities**

Fixed rate annuities typically do not have explicit fees, for example mortality and expense fees or fund expenses. Some Fixed Rate Annuities may have a living benefit rider that can provide guaranteed lifetime income for an additional cost.

- **Living benefit rider fees** – These fees are charged to cover the cost of providing guaranteed lifetime income. These fees can be as high as 0.95%. The fee can be charged daily, quarterly or annually and is assessed against the contract value or the benefit base.
- **Surrender charges** – If applicable, surrender charges are incurred if the annuity is fully or partially liquidated or withdrawn in excess of the “free withdrawal amount” afforded by the contract during the surrender charge period. These charges offset the cost the insurance carrier incurs for various acquisition costs and early liquidation of investments they make to back the guarantees. Surrender charges are stated in terms of a schedule that defines the percent of the surrender charge for that particular year and usually declines until the contract term matures. These charges can be as high as 9% on a declining scale over the surrender charge period. The length of a Fixed Rate Annuity’s surrender charge matches the guarantee period of the interest rate credited to the contract. For example, our 3-year Fixed Rate Annuities have a 3-year rate guarantee with a 3-year surrender charge period, and our 5-year Fixed Rate Annuities have a 5-year rate guarantee with a 5-year surrender charge period.
- **Market value adjustment (MVA)** – If applicable, MVA are charges that may be levied if all or a portion of the contract value is withdrawn during the surrender charge period. MVA charges can be negative or positive depending on the difference between the market rates in effect at the time the contract was issued and the market rates in effect at the time of the withdrawal. These charges offset potential losses the insurance company may incur for early liquidation of investment they make to back the guarantees and benefits of the annuity.

### **Fixed Indexed Annuities**

Fixed indexed annuities typically do not have an explicit cost unless there is a living benefit or enhanced death benefit rider.

Certain fixed indexed annuities may offer crediting methods with a spread. A spread, which is similar to a fee, will be taken from the positive index performance for a particular segment investment. Generally, the main difference between a spread and a fee is that a fee can result in negative index performance, whereas a spread may reduce the amount of interest earned down to zero and will not bring your overall performance negative.

- **Living benefit rider fees** – These fees are charged to cover the cost of providing guaranteed lifetime income. These fees can be as high as 1.25%. The fee can be charged daily, quarterly or annually and is assessed against the contract value or the benefit base.
- **Death benefit rider fees** – These fees are charged to cover the cost of providing a death benefit guarantee. These fees can be as high as 1.20%. The fee can be charged daily, quarterly or annually and is assessed against the contract value or the benefit base.
- **Surrender charges** – If applicable, surrender charges are incurred if the annuity is liquidated or excess withdrawals are taken prior to the contract terms maturing. These charges offset the cost the carrier incurs for various acquisition costs and early liquidation of investments they make to back the guarantees. Surrender charges are stated in terms of a schedule that defines the percent of the surrender charge for that particular year until the contract term matures. These charges can be as high as 9% on a declining scale over the surrender charge period. Our Fixed Indexed Annuities without a living benefit rider have a 5-year surrender charge while our Fixed Indexed Annuities with a living benefit rider have a 7-year surrender charge.
- **Market value adjustment (MVA)** – If applicable, MVA are charges that may be levied if all or a portion of the contract value is withdrawn during the surrender charge period. MVA charges can be negative or positive depending on the difference between the market rates in effect at the time the contract was issued and the market rates in effect at the time of the withdrawal. These charges offset potential losses the insurance company may incur for early liquidation of investment they make to back the guarantees and benefits of the annuity.

### Variable Annuities

- **Mortality and expense (M&E) fees** – These fees pay for the insurance guarantees in the annuity such as guaranteed lifetime income or a death benefit. These fees can be as high as 1.30% and are charged against the contract value daily.
- **Contract fee** – This fee covers the maintenance of the contract such as producing statements, mailings and other client services. It is usually a flat fee that can be as high as \$50 and is charged annually. The contract fee is normally waived above certain contract amounts, anywhere from \$50,000 to \$100,000.
- **Average fund expense** – This fee covers the investment management and operating expense of the underlying investment subaccounts. These fees can be as high as 2.57% and are usually charged daily against the contract value.
- **Surrender charges** – If applicable, contingent deferred sales charges (CDSC) are only incurred if the annuity is liquidated or if withdrawn in excess of the contract's "free withdrawal amounts" during the surrender charge period. These charges offset the cost the insurance carrier incurs for various acquisition costs and early liquidation of investments they make to back the guarantees. CDSCs are stated in terms of a schedule that defines the percent of the surrender charge for that particular year until the contract term matures. These charges can be as high as 7% on a declining scale over the surrender charge period.
- **Living benefits rider fees** – These fees are charged to cover the cost of providing guaranteed lifetime income. In general, this fee is 1.60% or less. The fee can be charged daily, quarterly or annually and is assessed against the contract value, benefit base or a combination. Refer to the prospectus for specific expenses.
- **Enhanced death benefit fees** – These fees are charged to cover the cost of providing guaranteed and/or stepped-up death benefits. Similar to living benefit rider fees, enhanced death benefit fees can be as high as 0.65%. They can be charged daily, quarterly or annually and are assessed against the contract value or the benefit base.

### Buffered Annuities

Buffered annuities typically do not have an explicit cost unless: (1) the product designs include a product fee, or (2) a portion of the investment is allocated to the variable investment options, or (3) the product offers a mandatory or optional living benefit or enhanced death benefit rider for an additional cost, or (4) the product offers optional features available for an additional charge.

Certain buffered annuities may offer crediting method(s) with a spread. The spread is subtracted from the index return at the end of the term to determine performance. A spread is similar to a fee; however, a spread typically will not result in negative performance. Also, certain buffered annuities may, for an additional charge, offer segment investment options with greater upside potential.

- **Living benefit rider fees** – These fees are charged to cover the cost of providing guaranteed lifetime income. These fees can be as high as 1.50%. The fee can be charged daily, quarterly or annually and is assessed against the contract value or the benefit base.
- **Death benefit rider fees** – These fees are charged to cover the cost of providing a death benefit guarantee. These fees can be as high as 1.00%. The fee can be charged daily, quarterly or annually and is assessed against the contract value or the benefit base.
- **Average fund expense** – If applicable, this fee covers the investment management and operating expense of the underlying mutual funds. These fees can be as high as 1.29% and are usually charged daily against the value of the underlying subaccount. Refer to your contract or prospectus for individual fund expenses.
- **Surrender charges** – If applicable, surrender charges are incurred if the annuity is liquidated or if withdrawals in excess of the penalty free withdrawal amounts are taken during the surrender charge period. These charges offset the cost the carrier incurs for various acquisition and early liquidation of investments they make to back the guarantees. Surrender charges are stated in terms of a schedule that defines the percent of the surrender charge for that particular year until the contract term matures. Buffered annuities have either a 5- or 6-year surrender charge schedule. These charges can be as high as 9% on a declining scale over the surrender charge period.
- **Market value adjustment (MVA)** – If applicable, MVA are charges that may be levied if all or a portion of the contract value is withdrawn during the surrender charge period. MVA charges can be negative or positive depending on the difference between the market rates in effect at the time the contract was issued and the market rates in effect at the time of the withdrawal. These charges offset potential losses the insurance company may incur for early liquidation of investment they make to back the guarantees and benefits of the annuity.
- **M&E and administrative fees** – If applicable, these fees pay for the insurance guarantees in the annuity, such as guaranteed lifetime income or a death benefit. These fees can be as high as 1.30% and are charged against the value of the underlying subaccounts daily.
- **Product fee** – These fees pay for the various contract benefits and insurance guarantees in the annuity, such as guaranteed lifetime income or a death benefit. The product fee of 1.25% is calculated as a percentage of the contract value as of the previous quarterly contract anniversary.

### **Advisory Fee-Based Variable Annuity Fees**

Fees and costs associated with our full-service advisory programs are available on request or at [chase.com/managed-account-disclosures](https://chase.com/managed-account-disclosures).

### **Private Placement Variable Annuities**

Consult any available fund offering documents for a discussion of fees associated with the fund. Please contact your advisor to assist with obtaining information or documents.

### **Compensation:**

- Annuity commissions are not fees and are not taken from the contract value.
- JPMWM operates its insurance business through Chase Insurance Agency Inc. (CIA) and in affiliation with JPMS for variable annuity products. CIA maintains agreements with insurance companies to represent them in selling and servicing their insurance and annuity products and to receive compensation. Pursuant to those selling agreements with the carriers, CIA receives compensation based on a percentage of the total purchase payments and/or a percentage of the total contract value of the annuity contract. JPMS also receives compensations for variable annuities. The amount of compensation paid may vary by product type, so more

compensation may be received by your Private Client Advisor for selling one annuity product type versus another annuity product type, creating a potential conflict of interest. However, the portion of compensation that is passed on to the Private Client Advisor is level by product type. Trailing commissions are a type of commission that, if applicable, are paid to CIA and attributed to your advisor on an established periodic, post-sale basis provided your contract remains in-force. For additional information on the compensation paid by the issuing insurance company for annuity products, refer to the applicable prospectus or other documents provided by your advisor or the insurance carrier. Note that only Private Client Advisors receive commissions directly from the sale of annuity products and Financial Advisors do not.

- Clients that select an advisory fee-based variable annuity pay an annual investment advisory asset-based fee to JPMS. This fee is paid out of the annuity contract assets to JPMS for investment advisory services. Clients should review the prospectus to the advisory fee-based variable annuity and the Form ADV disclosure brochure of JPMS for information about the advisory variable annuity asset allocation program and the applicable fees for the program. Fees and costs associated with advisory programs are available on request or at [chase.com/managed-account-disclosures](https://chase.com/managed-account-disclosures).
- For private placement variable annuities, advisor compensation is paid as a portion of the fund management fees that are deducted from the contract value. Refer to the fund specific offering memorandum for fund fee information.

### Paid to CIA and Private Client Advisors

Products that JPMWM actively makes available to clients:

- **New Sales and Additional Payments:** CIA receives compensation for the initial sale of annuity products and, where applicable, for subsequent payment into a contract as follows:
  1. **Fixed rate annuities without income riders:** Commissions paid to CIA up to 1.75% (2.00% in NY) of which the advisor will receive up to 1.50% at time of sale with no trailing commission every subsequent year.
  2. **Fixed rate annuities with income riders<sup>9</sup>:** Commissions are 1.45% at time of sale/.90% trailing commission every subsequent year.
  3. **Fixed indexed annuities without income riders:** For clients younger than the age of 81, commissions are 1.45% at time of sale/.60% trailing commissions every subsequent year. For clients ages 81-85, commissions are 1.45% at time of sale/.50% trailing commissions every subsequent year.
  4. **Fixed indexed annuities with income riders<sup>9</sup>:** Commissions are 1.45% at time of sale/.90% trailing commission every subsequent year.
  5. **Buffered annuities<sup>9</sup>:** Commissions are 1.45% at time of sale/1.00% trailing commission every subsequent year.
  6. **Variable annuities:** Commissions paid to CIA are 2.15% of which the advisor will receive 1.45% at time of sale/1.00% trailing commission every subsequent year.
  7. **Single premium immediate annuities:** Commissions are 4% at time of sale with no trailing commission.
  8. **Private placement variable annuities:** Commissions are paid as a quarterly trailing commission and range from .27%-.75%, varies based on the underlying funds chosen.
- **Annuitization:** Some deferred annuity contracts can also generate commissions if the contract is converted into a series of guaranteed income payments, referred to as annuitization. Refer to your contract and or prospectus for specific amounts.

### In-Service Contracts:

In-service contracts are contracts that JPMWM services but does not currently make available to clients. In-service contracts may generate commissions to CIA and its agents. The amount of commission received by CIA and its agents is based on the compensation arrangement that was in effect at the time of the origination of the contract.

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<sup>9</sup> Certain Fixed Rate, Fixed Indexed and Buffered Annuities may have an optional Income rider wherein the compensation paid will be based on if the rider was selected or was not selected and would align with the respective compensation above.

**Restrictions:**

- JPMWM has guidelines on when certain products/riders are suitable and may impose age restrictions that are younger than those stated in the contract and/or prospectus.
- Waivers may not be available in all states.
- Product availability is subject to residency requirements and may vary by location.

**Risks and other relevant information:****Fixed Rate Annuities**

- Fixed rate annuities are designed to provide a stated return for a stated period of time. An annuity that includes a Guaranteed Return of Premium (GROP) will prevent any surrender penalties from reducing the original investment upon full surrender of the contract during the surrender charge period. If GROP is not available on the annuity contract, the original investment amount is not protected upon full surrender of the contract. During the surrender charge period, surrender penalties may reduce the annuity value below the original investment amount. Refer to the annuity contract for further information.

Note: Early withdrawals, excess withdrawals and partial surrenders may be subject to surrender penalties, loss of earnings credited to the contract or tax penalties.

- Fixed rate annuities typically do not have cost-of-living adjustments to keep pace with inflation, so your spending power from the earnings you receive may decline over time. If inflationary protection is a priority for you, you may want to consider financial products other than a fixed rate annuity.

**Fixed Indexed Annuities**

- Fixed indexed annuities typically do not have cost-of-living adjustments to keep pace with inflation, so your spending power from the earnings you receive may decline over time. If inflationary protection is a priority for you, you may want to consider financial products other than a fixed indexed annuity.
- Some fixed indexed annuities distributed by CIA may utilize a J.P. Morgan proprietary index (the "Index"). As the Index sponsor, J.P. Morgan earns its revenue by trading over-the-counter derivatives with the insurance company. The OTC derivatives are used by the insurance company to hedge the risks they assumed by issuing the fixed indexed annuities.

**Single Premium Immediate Annuities (SPIAs)**

- SPIAs are designed to provide an immediate income stream through annuitization of the purchase payment. SPIAs typically require the income benefit to commence within 13 months of purchase. Since immediate annuities provide lifetime income via annuitization, once income starts there is no longer a deferred or surrender value to the annuity. You should carefully consider your ability to meet emergency expenses prior to converting your asset into an income stream.

**Variable Annuities**

- Variable annuities are securities that involve investment risks, including the possible loss of value. Variable annuities are not guaranteed, and the value may go up and down. There is no assurance that the investment objectives of any variable annuity subaccount will be met. Past performance is no guarantee of future results. The value of a variable annuity will fluctuate depending on the performance of the investment subaccounts chosen as a result of market conditions and other factors. Upon liquidation, the value of a variable annuity may be more or less than the original purchase price. Annuity guarantees are based on the claims-paying ability of the issuing insurance company.
- Variable annuities are designed as an investment for long-term goals. They are generally not suitable for short-term goals because you may be subject to charges or other penalties if you withdraw your money early. Note that if you sell or withdraw money from a variable annuity too soon after your purchase, the insurance company will typically impose a "surrender charge." Surrender charges will reduce the value of, and the return

on, your investment. Carefully review the annuity contract and where applicable the investment subaccount prospectuses.

- Your contract value is not guaranteed. It may increase or decrease based on investment performance, additions and withdrawals. Election of a variable annuity living benefit rider does not guarantee a rate of return on your contract value—only a percentage of the withdrawal amount.
- Certain variable annuities distributed by CIA may offer one or more mutual funds advised or sub-advised by J.P. Morgan Investment Management Inc. as investment option(s) (“the Fund”) for contract holders. J.P. Morgan Investment Management Inc., which is an affiliate of CIA, is paid advisory or subadvisory fees for managing the assets of each such Fund, creating a potential conflict of interest.
- Note that advisory fee-based variable annuities and private placement variable annuities are types of variable annuities and are subject to the same risks and considerations. Private placement variable annuities are subject to the same risks as those described in the Alternative Investments section of this Guide, including that underlying alternative investments can be highly illiquid because no trading market exists and there are restrictions on resale, transfer, withdrawal or redemption of interests. Carefully review the fund-specific offering memorandum for details on fund-related risks.

### **Buffered Annuities**

- Buffered annuities typically do not have cost-of-living adjustments to keep pace with inflation, so your spending power from the earnings you receive may decline over time. If inflation protection is a priority for you, you may wish to consider financial products other than a Buffered annuity.
- Buffered annuities are designed as an investment for long-term goals. They are not suitable for short-term goals because you may not be able to readily access your funds once invested in one of the buffered annuity segments, and you may be subject to charges or other penalties if you withdraw your money early. While buffered annuities provide certain downside market protections, your contract value is not guaranteed. That value may increase or decrease based on the performance of the underlying indices.

### **Resource(s) to obtain additional information:**

- An annuity buyers' guide will be provided for annuity purchases pursuant to individual state requirements. The guide details what consumers should know and what they should ask their advisor when contemplating an annuity, including fees and cost. Clients are also provided a prospectus if required.
- In order to initiate the purchase of any annuity, a Summary Statement of Charges form is included as part of the application documents the client must sign. The Summary Statement of Charges form is specific to each product type and details the cost and fees associated with the product.
- Your contract will be delivered to you after it is issued by the insurance carrier. The contract details contain all the fees, terms and conditions of the annuity and contain carrier service numbers and websites where additional information can be obtained.

## **J. LIFE INSURANCE**

### **Description:**

What is life insurance?

- For detailed information on insurance products, including fees, expenses, benefits, and subaccount investment options, please contact the insurance carrier directly or refer to the product prospectus, investment subaccount prospectus, your contract, and other related materials provided by the insurance carrier.
- A life insurance policy is a contract between you and the insurance company in which you pay premiums and the insurance company, in turn, promises to pay a death benefit to your named beneficiary when the insured dies.

- There are different types of life insurance products, many of which are designed to meet specific needs and help clients achieve their protection and retirement goals.
- Life insurance products are created by insurance carriers and are filed with the various state insurance commissioners. CIA and JPMS make life insurance products available on behalf of the insurance carriers.
- It is important to note that insurance products are not bank deposits and are not insured by the FDIC or any other agency of the United States, nor are they obligations of, nor insured or guaranteed by JPMorgan Chase Bank, N.A., CIA, JPMS or their affiliates, except where specifically disclosed. Brokerage services are offered through JPMS, member of FINRA and SIPC and an affiliate of JPMCB.

### Variable Life Insurance

- A variable life insurance policy is a type of life insurance product and is a contract between you and an insurance company. It is intended to meet certain insurance needs, investment goals and tax planning objectives. It is a policy that pays a specified amount to your beneficiary(ies) upon your death. It also has a cash value that varies according to the amount of premiums you pay, the policy's charges, fees and expenses, and the performance of the underlying investment options chosen by you. A variable life insurance policy offers a range of investment options. The investment options for a variable life insurance policy are typically investment subaccounts or funding options that invest in stocks, bonds, money market instruments or some combination of the three. Some variable life insurance products may also offer indexed strategies, with or without a buffer.

### Buffered Life Insurance (Indexed Variable Universal Life Insurance)

- Buffered life insurance, also known as indexed variable universal life insurance, is designed to provide a return based on the performance of an underlying index, such as the S&P 500. While the index does track to the market, unlike variable life insurance, the client is not directly exposed to the market. It also differs in that buffered life insurance will typically involve caps or a percentage of the index performance while providing limited downside protection options, for example 10% downside protection (e.g., "buffer").

### Charges and Fees:

Life insurance product charges and fees are paid by you to the insurance carrier. Charges and fees vary by product. Refer to your policy and/or prospectus for the underlying investment options for specific charges and fees charged by the insurance company. The following outlines the charges and fees typically incurred for variable life insurance:

- **Sales fees imposed on premiums** – These fees cover the insurance company for sales expenses and certain policy-related state and federal tax liabilities and are typically a percentage of the amount of premium paid. They reduce the amount of the premium payment applied to the policy.
- **Cost of insurance** – This monthly charge covers the cost of insurance on the policy and is designed to compensate the insurance company for the anticipated cost of paying death benefits in excess of the policy value. The amount charged is based on the net amount at risk (death benefit less policy value) multiplied by the cost of insurance rate. The cost of insurance rate varies for each insured based on factors including the insured person's age, gender, health and death benefit amount. An additional amount called a "flat extra charge" may apply for certain risks associated with health conditions, occupations, avocations or aviation.
- **Face amount charge** - This charge helps compensate the insurance carrier for expenses associated with sales, underwriting, distribution and issuance of the policy.
- **Mortality and expense (M&E) risk charge** – This charge covers the risks the insurance company assumes with respect to the policy. The mortality risk assumed is that the insured may live for a shorter period than originally estimated. The expense risk assumed is that the administrative and sales costs are higher than expected, and that policy owner behavior does not match the insurance company's expectations.
- **Policy (administrative) fee** – This ongoing fee covers the insurance company's costs of issuing and administering the policy, such as producing statements, mailings, processing claims and other client services.

- **Underlying fund expenses** – This fee covers the investment management and operating expense of the underlying investment options. These expenses are deducted from fund assets.
- **Surrender charges** – If applicable, this charge applies if the policy owner fully surrenders their policy, makes a withdrawal, or decreases the face amount during the surrender charge period, which is typically in the early years of the policy. It is also important to note that any face amount increases may have its own unique surrender charge periods. These charges offset the various acquisition costs the insurance carrier incurs, which it would otherwise not recover in the event of early surrender. The surrender charge varies by the age of the insured, the number of years since the date of policy issue or the date of a face amount increase, and the face amount. A personalized schedule of surrender charges is included with each policy.
- **Loan interest** – The policy owner may borrow against the cash surrender value of the policy, subject to certain limits. Outstanding policy loans and accrued loan interest will reduce the policy's death benefit and cash surrender value. The policy will be charged interest on any loan amount outstanding, typically charged annually as a percentage of the loan balance.
- **Transfer fees** – These fees cover the cost of transferring money among investment options. The fee is typically assessed when transfers exceed a certain amount in any given policy year.

#### **Other Optional Insurance Features & Charges:**

Life insurance products may contain other optional insurance features, including, but not limited to, the following that may or may not be included with the base policy. These other optional insurance features may have charges and fees, which vary by product, pursuant to the terms of the policy and/or riders. Refer to your policy, rider(s) and/or prospectus(es) for the underlying investment options for specific charges and fees charged by the insurance company. The following outlines the charges and fees typically incurred for these features, subject to availability and/or eligibility requirements:

- **No-lapse features and lapse protection riders** – These features keep the policy in effect when it may have otherwise lapsed, even if the policy does not have sufficient cash value to pay the policy's charges. These features may be available based on the number of years the policy is in effect or the amount of premiums that have been paid.
- **Accelerated death benefits** – These features pay a portion of the policy's death benefit while the insured is still alive if they are chronically or terminally ill.
- **Long-term care insurance benefits** – These features provide coverage for the cost of long-term care if the insured is certified as chronically ill. They are generally provided in the form of a long-term care rider on the base policy.
- **Disability benefits** – These features maintain the policy in effect if the insured becomes disabled and cannot pay policy charges. Some may waive the monthly deduction charges if the insured becomes totally disabled. Others may pay a specified monthly amount to cover the premium if the insured becomes totally disabled.
- **Overloan protection benefit** – This feature, if exercised, helps prevent the policy from lapsing due to loans.
- **Change of insured benefit** – This feature permits a change in the person who is insured under the policy.
- **Enhanced surrender value benefit** – This feature provides a separate enhanced surrender value if you surrender your policy during the first few policy years.
- **Accidental death benefit** – This feature provides payment of a benefit, in addition to the death benefit, upon the insured's accidental death.
- **Term insurance on additional insured** – This feature provides term life insurance on the insured's immediate family.
- **Return of premium death benefit** – This feature provides an additional death benefit payable upon the death of the insured.

- **Additional term insurance** – This feature provides term life insurance on the insured, in addition to that under the base policy.
- **Estate protection** – This feature provides for an additional death benefit amount if both joint insureds die within the first few years of the policy.
- **Policy split options** – This feature provides for the policy to be exchanged for two separate policies under certain circumstances.
- **Indexed interest strategy charge** – This charge is deducted when an index segment is added to an indexed interest strategy. This charge is intended to compensate the insurance carrier for the costs of hedging and investment-related expenses associated with the capped indexed interest strategies it may provide.
- **Premium reserve rider** – This feature allows you to pay additional premiums beyond the amount you pay for your policy. These additional amounts accumulate in the same manner as the policy premiums, without being reduced by policy charges and expenses. This feature is subject to certain fees and account credits.
- **Healthy engagement benefits** – These features typically encourage the insured to lead a healthier lifestyle by either providing an opportunity to add credits to the policy value based upon the insured's ongoing participation in activities that promote a healthy lifestyle or programs that educate and motivate the insured to develop and maintain a healthy lifestyle.
- **Conversion benefit** – This feature allows you to convert certain insurance coverages into a new policy.
- **Enhanced allocation benefit** – This feature provides an opportunity for additional growth potential by allocating a portion of the policy's account value to purchase an uncapped option on an index, such as the S&P 500 with a 0% floor and a participation rate. The change in value of the Index is used to calculate a credit that will be applied to the policy's account value, subject to the terms and conditions of the rider/policy.

#### **Compensation:**

- Life insurance commissions are not fees and are not taken from the policy's cash value.
- J.P. Morgan operates its insurance business through CIA and in affiliation with JPMS for variable life insurance. CIA maintains agreements with insurance companies to represent them in selling and servicing their insurance and annuity products and to receive compensation. Pursuant to those selling agreements with the carriers, CIA receives compensation based on a percentage of the total purchase payments. JPMS also receives compensation for variable life insurance.
- J.P. Morgan partners with Broker General Agents who receive compensation associated with the sale of life insurance.

For additional information on the compensation paid by the issuing insurance company for life insurance products, refer to the applicable prospectus of the insurance carrier.

#### **Paid to CIA and Private Client Advisors:**

**New sales and additional payments** – For variable life insurance products that J.P. Morgan actively makes available to clients, CIA receives commissions in the range of 7% to 125% of first-year commissionable premiums. CIA may also receive a trail payment in the range of 1% to 5% of subsequent premiums, if any. The amount of commission varies depending on the insurance carrier, state of issue, coverage, and the premium amount, and is subject to change from time to time.

#### **In-service policies:**

In-service policies are policies that J.P. Morgan services but does not currently make available for clients to purchase. In-service policies may generate commissions to CIA and its agents. The amount of commission received by CIA is based on the compensation arrangement that was in effect at the time of the origination of the policy.

**Restrictions:**

- JPMWM has guidelines on when certain products/riders are suitable for a client and may impose age restrictions that are younger than those stated in the policy and/or prospectus.
- Product availability is subject to residency requirements and may vary by location. Life insurance is made available through our Private Client Advisors and not Financial Advisors.

**Risks and other relevant information (variable life insurance):**

- Variable life insurance is a securities product that involves investment risks, including the possible loss of value. Variable life Insurance products are not guaranteed, and the value may go up and down. There is no assurance that the investment objectives of any variable life insurance subaccount will be met. Past performance is no guarantee of future results. The value of a variable life insurance policy may fluctuate depending on market conditions, the performance of the investment subaccounts chosen, and other factors. If a policy is surrendered, the value of a variable life insurance policy may be more or less than the amount of premiums paid toward the policy. Life insurance guarantees are based on the claims-paying ability of the issuing insurance company.
- Variable life insurance products are designed for long-term protection goals with an investment component. They are generally not suitable for short-term goals because you may be subject to charges or other penalties if you withdraw your money early. Note that if you fully surrender or partially surrender from a variable life Insurance policy too soon after your purchase, the insurance company will impose a "surrender charge." Surrender charges will reduce the value of, and the return on, your cash value. Carefully review the life insurance policy and where applicable the investment subaccount prospectuses.
- Your policy's cash value is not guaranteed. It may increase or decrease based on factors such as investment performance, additions and surrenders.
- Variable life insurance may not be suitable for all investors. Neither CIA, JPMS nor any of its affiliates render tax or legal advice. Therefore, clients are strongly encouraged to consult with outside tax and legal professionals regarding the potential that the variable life insurance may generate undesired tax liabilities and penalties.

**Resource(s) to obtain additional information:**

- A buyers' guide will be provided for life insurance purchases pursuant to applicable individual state requirements. The guide details what clients should know and what they should ask their advisor when contemplating a life insurance policy, including fees and cost. Clients are also provided a prospectus if required.
- When the policy is issued, it is mailed directly to the policy owner's address of record, or email account when electronic delivery is requested. The policy form contains all the fees, terms and conditions of the policy inclusive of insurance carrier service numbers and websites where additional information can be obtained.

**K. INTERVAL AND TENDER OFFER CLOSED-END FUNDS**

The following information applies to interval and tender offer funds that are regulated by the SEC in the United States under the Investment Company Act of 1940, as amended.

**Description:**

- Interval and tender offer funds are closed-end registered funds that can invest in a wide array of investment strategies, including both public and private investments. These investments can include potentially higher yielding assets with limited liquidity. Interval and tender offer funds are not subject to the same restrictions on illiquid investments as open-end registered mutual funds but are subject to leverage limits and certain diversification requirements.
- Shares of interval and tender offer funds are not redeemable at an investor's option. Investors are allowed to sell their shares back to the fund during certain redemption windows. Interval funds are required to adopt, pursuant to Rule 23c-3 under the 1940 Act, a fundamental policy, which cannot be changed without

shareholder approval, requiring the Fund to offer to repurchase at least 5% and up to 25% of its shares at the fund's net asset value either every three, six or twelve months. Tender offer funds do not commit to any specific amount or frequency of repurchase offers, which are typically capped and are authorized at the sole discretion of the fund's Board. If a repurchase offer is oversubscribed, a fund may increase the repurchase offer (up to 2% for interval funds), repurchase a pro rata portion of the shares tendered, or take any other action permitted by applicable law. As a result, investors may be unable to liquidate all or a given percentage of their investment in an interval or tender offer fund during a particular repurchase offer.

- All interval and tender offer funds carry risk. Your investment will go up and down in value. You can lose some or all of your money. Your earnings can fluctuate too.
- All interval and tender offer funds have costs that lower your investment returns.
- The interval and tender offer funds and share classes available through JPMWM are limited and will change from time to time. It is important to work with your advisor to determine which funds and share classes are available for purchase in your account.
- Potential investors should consider whether to invest in interval and tender offer funds in light of their own circumstances, investment objectives, liquidity needs and financial condition.
- Before you invest, be sure to read the fund's prospectus or any other available offering documents to learn about the fund you're considering. The fund prospectus contains important information regarding the fund's investment objectives, strategies, risks, charges, expenses and other matters significant to your investment choice. By clearly understanding the investment you're considering, you'll be better prepared to make a sound investment decision. To obtain a prospectus, please contact your advisor.

## **Fees & Expenses:**

### **Fees and charges paid directly by Investors – share classes**

- In general, there are fees you pay to an interval or tender offer fund and/or financial intermediary when you purchase a fund share class. Each share class invests in the same investment portfolio of securities but has different sales charges and expenses. Among the most common retail brokerage share classes, and the ones generally available through the JPMS platform, are Class A and Class C shares. Certain other interval or tender offer fund share classes are subject to conditions and restrictions and may not be available for purchase by all investors. Investors should be aware that the share class of a fund available through the JPMS brokerage platform may differ from the share class available to similar accounts managed by or held at JPMS or its affiliates, including the J.P. Morgan Private Bank (Private Bank), and that certain lower cost fund share classes may be available outside the JPMS brokerage platform. Clients should contact their advisor for information about any limitations on share classes available through the brokerage platform.
- The following is a summary of share classes and fees associated with client interval and tender offer fund purchases in a JPMS brokerage (i.e., not a fee-based advisory) account. For additional information about interval and tender offer fund fees, you should refer to the fund's prospectus or other offering document.
  - **Class A shares – front-end sales charge** – Class A shares generally include a front-end sales charge (or load) that's included in the purchase price of the shares and is determined by the amount you invest. These loads generally range from 0% to 5.75% and are disclosed in the prospectus. The more you invest, the lower your purchase cost as a percentage of your investment. Many funds offer volume discounts, known as "breakpoints," based on the amount of investment. Information regarding a fund's breakpoints may be found in the prospectus. Class A shares usually have lower 12b-1 fees (annual marketing or distribution fees, described below) than Class C shares offered by the fund and therefore may be the less costly method to purchase interval or tender offer funds for long-term investors. Purchases of \$1 million or more of Class A shares often will not be subject to a front-end sales charge. However, the purchaser will incur a deferred or back-end sales charge if any of the shares are sold within a specified time period, generally 12 to 18 months. In addition, certain investors may be entitled to a sales charge or load waiver based, for example, on account type or employment affiliation (refer to "Waivers" below).

- **Class C shares – contingent deferred sales charge** – These are sales charges that are applied when interval or tender offer fund shares are repurchased within a specified number of years (varies by prospectus). These charges generally range up to 1% for C shares. These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus. While C shares generally do not include front-end sales charges, they do contain higher 12b-1 fees and may have a sales charge if you submit your shares for repurchase within the first year. In addition, 12b-1 fees never convert to a lower amount, and over a longer period of time, the higher total fund expenses will result in lower returns than Class A shares.
- **Waivers** – It's important to read the prospectus and work with your advisor to learn how a particular fund establishes eligibility for sales charge reductions and waivers. A fund's breakpoint schedule and waiver eligibility rules can be found in the fund's prospectus or Statement of Additional Information (SAI) or other offering document. If you believe you are eligible for a front-end sales charge waiver, please notify your advisor.
- **Share class availability** – In your full-service brokerage account, you generally may purchase either Class A or Class C shares. Be aware that many interval and tender funds offer institutional or other share classes that have lower aggregate fees than Class A or Class C shares. Because JPMS receives higher compensation from funds for Class A and/or Class C shares relative to less expensive share classes that may otherwise be available, there is a conflict of interest. If you believe you are eligible for a lower price share class, please contact your advisor for availability.
  - No-load, institutional level share classes may be available to you through JPMWM asset-based fee advisory programs. In these programs, you typically pay an annual fee based on a percentage of the value of the assets held in your account, including the value of the fund shares. These programs provide features and benefits that may not be available in a full-service brokerage account that receives sales loads. The total cost of purchasing and holding fund shares through an asset-based fee advisory program may be more or less than investing in fund shares in a JPMWM brokerage account that is serviced by your advisor.
  - Private Bank, a different line of business, only recommends J.P. Morgan Funds (with limited exceptions) and provides its clients an institutional level share class.
  - No-load funds may be available for purchase directly through fund companies without intervention of a financial intermediary and without payment of a service fee. Consult the prospectus for the fund in which you are interested for direction on how to do so.
  - For more information, refer to the fund prospectus or contact your advisor.

#### **Fees and expenses paid to or indirectly through the interval or tender offer fund**

- **Fund fees and expenses** – The ongoing costs of running a fund are called its fees and expenses. The fund pays these fees and expenses from the fund's assets before distributing any earnings to investors, which reduces the returns of the fund. You can find the fees and expenses of a fund by looking at its "expense ratio," which is disclosed in the fund's fact sheet and prospectus. The expense ratio is the fund's total annual costs as a percentage of its assets, or net asset value (NAV). Types of fees and expenses include:
  - **Management fees** – The management fee is paid to the fund's investment advisor for researching and selecting securities in the fund's portfolio and managing its assets.
  - **Incentive fees** – Interval and tender offer funds may also charge an incentive fee based on net income or capital gains. There is no investor limitation on funds that charge an incentive fee based on net income.
  - **Distribution [and/or service] (12b-1) fees** – Fees paid by some interval and tender offer funds pursuant to Rule 12b-1 of the Investment Company Act of 1940, which allows funds to use fund assets to pay the costs of marketing and distribution of the fund's shares. Some 12b-1 plans also authorize and include "shareholder service fees," which are fees paid for personal service provided to shareholders and/or the maintenance of shareholders accounts, such as responding to investor inquiries and providing investors information about their investments. A fund may pay fees for shareholder servicing without adopting a

12b-1 plan. If paid as part of a fund's 12b-1 plan, such fees will be included in the fund's fee table. If paid outside a 12b-1 plan, then these fees will be included in the "Other expenses" category described below.

- **Other expenses** – Other costs, including, but not limited to, shareholder servicing, recordkeeping, legal and accounting services, custody, transfer agency and administration, are also included in the fund's expenses.
- **Other fees on transactions** – In addition to sales charges, you may need to pay other fees on certain interval and tender offer fund transactions, including:
  - **Early repurchase fees** – Some funds may impose an early repurchase fee on shares repurchased within a specified time period (generally one year). These fees are typically up to 2% on shares that are accepted for repurchase by the fund and are usually retained by the fund for the benefit of remaining shareholders.

For complete information about interval and tender offer fund fees associated with specific funds, you should refer to the fund's prospectus and SAI. You can find information about sales charges in the standardized fee table located near the front of a fund's prospectus under the heading "Summary of Fees and Expenses" and information about the expenses you pay indirectly through fund assets in the standardized expense table under the heading "Annual Fund Operating Expenses."

### **Compensation JPMS receives from interval and tender offer funds<sup>10</sup>**

- **Administrative servicing/recordkeeping fees** – Many interval and tender offer funds or their fund affiliates pay JPMS fees for providing certain administrative services and/or recordkeeping, which may 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, and distributing prospectuses and other fund reports. The fees for these services are typically called "administrative servicing fees" or "recordkeeping fees." These may also be referred to as "shareholder servicing fees." The fees may be based on the number of fund positions held by our clients (generally in the range of \$0–\$20 per position) or based on assets, expressed as a percentage (generally in the range of 0%–0.25%). These fees generally are paid from investor assets in the interval or tender offer funds, but in some cases are subsidized in part by affiliates or the distributor of the funds (such affiliate payments may be referred to as "revenue sharing").
- **Distribution [and/or service] (12b-1) fees** – JPMS receives Service/12b-1 fees from the interval and tender offer funds on its brokerage platform. Like other fees and expenses in an interval or tender offer fund, these fees will reduce investment returns. The exact amount of such fees paid out varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of Service/12b-1 fees in interval or tender offer funds on the platform are as follows: A shares: 0%–0.5% (most frequently 0.25%), C shares: 0%–1% (most frequently 1%).

We may allow representatives of all our approved interval or tender offer funds, including the J.P. Morgan Funds, access to advisors for educational and promotional purposes, subject to conditions imposed by us. Some funds allocate more resources for these purposes, which could cause advisors to become more familiar with those funds and focus on them when meeting with clients. Funds or their affiliates may pay for sales meetings, seminars and conferences we hold in conducting our business, subject to conditions we impose. The extent to which a fund is willing to pay for these activities is solely determined by the fund's advisers or affiliates, not by us. For additional information and a list of fund partners from whom JPMS receives revenue sharing, refer to Appendix B.

- **Conflicts of interest** – The level of payments to us varies in any given year. Payments for sales of one fund's shares may be more or less than the payments we receive from other interval and tender offer funds' advisers, distributors or other entities, and in certain instances, the payments could be significant. While any such payments will not change the net asset value or price of a fund's shares, the payments create a conflict of interest, as there will be a direct incentive to promote and recommend those funds whose sponsors make

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<sup>10</sup> The fee ranges quoted in this section are generally for the funds approved for purchase on the Private Bank full-service brokerage platform. Similar fees may be taken by J.P. Morgan in connection with other funds that are not approved but are held upon client request or on other J.P. Morgan platforms, and applicable rates may differ.

significant payments. Similarly, we have a conflict in recommending funds that pay these fees instead of other funds or other securities or products that do not pay any of these fees.

### **Advisor compensation for interval and tender offer fund sales**

Depending on the type of interval or tender offer fund and share class you buy, as well as account type, Private Client Advisors receive a portion of the 12b-1 fees and sales charges or finder's fees paid to JPMS by fund companies. Advisor compensation is described further in this booklet, but here we highlight some specific things you should know about interval and tender offer fund compensation for Private Client Advisors.

To mitigate potential conflicts of interest created by offering interval and tender offer funds with different 12b-1 fees, sales charges or finder's fees, and thus opportunity for Private Client Advisors to receive more or less revenue credit based on the specific fund you buy, we have taken the steps described below. This does not impact any fees or expenses paid by you as described above and detailed in the interval or tender offer fund prospectus.

- Regardless of the sales charge paid by you at the time of purchase, or the finder's fee paid by the fund distributor, the portion of payment credited to a Private Client Advisor is generally the same for any given purchase amount.
- Private Client Advisors also receive a portion of ongoing 12b-1 fees depending on the specific interval or tender offer fund you buy.

### **Proprietary interval and tender offer funds and affiliated service providers**

Affiliates of JPMS may provide investment management and other services, such as shareholder servicing, custody, fund accounting, administration, distribution and securities lending, to J.P. Morgan interval and tender offer funds which those affiliates receive fees. Therefore, J.P. Morgan as a firm will receive greater compensation if its clients buy shares of the J.P. Morgan interval or tender offer funds than if they buy shares of non-affiliated interval or tender offer funds.

### **Restrictions:**

Only J.P. Morgan-approved interval and tender offer funds will be recommended. All approved funds are periodically reviewed.

### **Risks and other relevant information:**

There are a variety of interval and tender offer funds, covering a range of complex strategies and risks, including, but not limited to, private equity, private loans, structured credit, hedge funds, or real estate and infrastructure (refer to the section titled "Alternative Investments"). Refer to the section titled "Complex Registered Mutual Funds and Exchange-Traded Products" in Section 4 for more information regarding these products. The risks outlined below are not a complete representation of all risks of investing in an interval or tender offer fund. Consult the interval or tender offer fund prospectus and statement of additional information or similar offering documents for detailed information regarding the fund's specific investment strategy and risks.

- An investment in an interval or tender offer fund, unlike an investment in a traditional listed closed-end fund, should be considered illiquid. The funds are appropriate only for investors who are comfortable with investment in less liquid or illiquid portfolio investments within an illiquid fund. Unlike open-end funds (commonly known as mutual funds), which generally permit redemptions on a daily basis, the shares will not be redeemable at a shareholder's option. Unlike stocks of listed closed-end funds, the shares are not listed, and are not expected to be listed, for trading on any securities exchange, and no secondary market is expected to develop for the interval and tender offer fund shares in the foreseeable future.
- Interval and tender offer fund portfolio investments may be difficult to value making the funds subject to valuation risk, which is the risk that one or more of the securities in which a fund invests are valued at prices that the fund is unable to obtain upon sale due to factors such as incomplete data, market instability, human error, or, with respect to securities for which there are no readily available market quotations, the inherent difficulty in determining the fair value of certain types of investments. Interval and tender offer funds may, but are not required to, use an independent pricing service or prices provided by dealers to value securities at their market value.

- Interval and tender offer funds may invest a significant amount of its assets in investments for which no public market exists. There can be no guarantee that a fund's investments could ultimately be realized at the fund's valuation of such investments.
- A fund's net asset value is a critical component in several operational matters, including the computation of fees and the determination of the price at which the shares will be offered and at which a repurchase offer will be made. Consequently, variance in the valuation of a fund's investments will impact, positively or negatively, the fees and expenses investors will pay, the price an investor will receive in connection with a repurchase offer, and the number of shares an investor will receive upon investing in a fund.

**Resource(s) to obtain additional information:**

Consult a fund's prospectus, SAI and any other available offering documents for any fund we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them.

**L. ALTERNATIVE INVESTMENTS**

**Hedge Funds, Private Equity, Private Client, Real Estate, Infrastructure and Certain Registered Fund**

**Description:**

- Non-traditional, or alternative, investment strategies include investments in hedge funds, private equity, private credit, real estate and infrastructure funds, other alternative investment funds (including, without limitation, funds that invest in such funds, Business Development Companies (BDCs), and certain registered funds, including, without limitation, registered closed-end funds (e.g., interval/tender offer funds commonly referred to as "evergreen funds"), registered BDC's, non-traded real estate investment trusts (REITs) and funds investing in operating companies. Such funds are sometimes referred to as private investments or private funds because they are typically offered pursuant to exemptions from registration under federal securities laws and therefore are not offered to the general public. Private funds may invest in various types of assets and financial instruments, including, but not limited to: real estate including publicly-traded stock of existing real estate companies and REITs; non-publicly traded companies; commodity interests and digital assets. This list is not exhaustive; the applicable private fund's PPM should be carefully consulted for further information.
- Although interests in private investment funds sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment and are likely to be less than the current NAV.
- Private funds are generally offered by confidential private placement memorandum or similar document (the PPM). The PPM provides important detailed information regarding fees, and expenses, merits, risks, conflicts of interest, investment objectives, and strategies, and other matters of interest, and must be read carefully before a decision is made on whether to invest.
- J.P. Morgan affiliates may organize and offer interests in private funds and may have an ownership interest in such funds. In addition, J.P. Morgan affiliates may provide advisory, management, administrative or other services to private funds and will normally be compensated separately for such functions. JPMS or another J.P. Morgan affiliate may act as placement agent for such interests and in such case will be compensated by the private funds (or sponsor of the private funds) for providing placement services. Such compensation is in addition to fees and commissions you pay in connection with purchasing an interest or in connection with your investment management or brokerage account.

**Fees:**

In its capacity as placement agent, J.P. Morgan charges clients an origination fee of up to 2% of the amount invested. In addition, J.P. Morgan generally earns a placement and/or servicing fee, paid by the private fund (or sponsor of the private funds) whose interests are being offered, in an amount of up to 3% of the amounts invested by J.P. Morgan clients. The amounts of any such fees will be disclosed to clients prior to their making an investment. The origination fee is separate from, and in addition to, advisory, management, administrative, placement, performance, servicing and/or other fees J.P. Morgan may earn from the fund sponsor or the fund for services provided to the fund.

**Restrictions:**

- Only J.P. Morgan-approved hedge funds, private equity funds, real estate funds and other private funds will be recommended. All approved funds are periodically reviewed.
- Only clients meeting certain requirements are eligible to participate. These requirements vary by product but may include, among others, qualifying as an "accredited investor" within the meaning of Rule 501(a) under the United States Securities Act of 1933, as amended and/or qualifying as a "qualified purchaser" as defined in the Investment Company Act of 1940, may participate through an eligible advisor. Consult the available offering documents for a discussion of the applicable requirements.
- Alternative investments are only available through our Private Client Advisors and not our Financial Advisors.

**Risks and other relevant information:**

- Private funds:
  - Often engage in leveraging and other speculative investment practices that may increase the risk of the complete loss of the client's investment;
  - Can be highly illiquid because no trading market exists and there are restrictions on resale, transfer, withdrawal or redemption of interests;
  - Can be hard to value, and provide infrequent pricing or valuation information;
  - May involve complex tax structures and delays in distributing important tax information;
  - Are not subject to the same regulatory requirements as registered fund (e.g., mutual funds); and
  - Often charge performance fees in addition to management fees.
- Although private equity and real estate fund interests sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment and are likely to be less than the current NAV. Private fund investments offered by J.P. Morgan require the client to maintain an account with J.P. Morgan or one of its affiliates for so long as the client owns the private fund.
- As described above under "Fees," J.P. Morgan generally receives payments from private funds (or sponsors of the private funds) for the investments made by J.P. Morgan clients. The fees paid to J.P. Morgan by the sponsor or company whose interests are being offered create a potential conflict of interest in the form of an additional financial incentive to J.P. Morgan for making available to its clients such opportunities. Additionally, the amount of compensation paid to J.P. Morgan will vary by private fund, so more compensation may be received for selling one private fund versus another, creating a potential conflict.

**Resource(s) to obtain additional information:**

Consult available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide these documents to you or help you find them.

**Private Investments****Description:**

The Private Investments program makes available opportunities to invest in private companies, real estate, venture capital, growth equity and other private investments, including affiliated managed products, to certain highly-qualified clients through their full-service brokerage account. Investment opportunities through the Private Investments program are normally offered pursuant to exemptions from registration under the federal securities laws and are therefore highly illiquid.

**Fees:**

In its capacity as placement agent for a Private Investments program opportunity, J.P. Morgan may charge clients an origination fee which, if charged, will be up to 2% of the amount invested. J.P. Morgan may also earn a placement fee, paid by the sponsor or the company whose interests are being offered. If paid, such placement fee will be in an amount of up to 6% of the amounts invested by J.P. Morgan clients or will be up to 50% of the performance compensation received by the investment opportunity sponsor with respect to amounts invested by J.P. Morgan clients.

**Restrictions:**

Only clients meeting certain requirements are eligible to participate. These requirements vary by product but may include, among others, qualifying as an "accredited investor" within the meaning of Rule 501(a) under the United States Securities Act of 1933, as amended, qualifying as a "qualified purchaser" as defined in the Investment Company Act of 1940, as amended, and qualifying as an "institutional account" as defined in FINRA Rule 4512(c), may participate through an eligible advisor. Consult the available offering documents for a discussion of the applicable requirements.

**Risks and other relevant information:**

- The fees paid to J.P. Morgan by the sponsor or company whose interests are being offered creates a potential conflict of interest in the form of an additional financial incentive to J.P. Morgan for making available such opportunities through the Private Investment program.
- The amount of compensation paid to J.P. Morgan will vary by private investment, so more compensation may be received for selling one private investment versus another, creating a potential conflict.
- There is generally no secondary market for such opportunities, and no assurance can be given as to the likelihood that an active trading market will develop or the liquidity of such a market; accordingly, no assurance can be given that an investor will be able to sell, transfer, assign or otherwise dispose of an interest in an opportunity. Opportunities may have little or no operating history, and the information available about unregistered opportunities will be less extensive than is available for an entity whose securities are registered. There is no assurance that any opportunity will return the capital invested or that there will be any return on any capital you invest.

**Resource(s) to obtain additional information:**

Consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them.

**M. J.P. MORGAN PREMIUM DEPOSIT****Description:**

- J.P. Morgan Premium Deposit is an FDIC-insured deposit product from JPMorgan Chase Bank, N.A., which is available to clients with eligible JPMWM brokerage accounts looking to earn additional income on excess cash balances.
- JPMorgan Chase Bank, N.A. is an affiliate of JPMS.
- The rate paid on balances held in J.P. Morgan Premium Deposit will vary based on business and economic conditions.
- Eligibility for J.P. Morgan Premium Deposit may be based on certain factors including, but not limited to, client type, account type, initial deposit minimums, balance maximums and other requirements that are subject to change.
- Balances held in J.P. Morgan Premium Deposit are eligible to receive FDIC insurance up to applicable limits.
- You can only access balances in J.P. Morgan Premium Deposit through your JPMWM brokerage account.

**Fees:**

No fees, charges or commissions will be imposed on your JPMS account as result of, or otherwise in connection with, holding J.P. Morgan Premium Deposit.

**Risks and other relevant information:**

- You are responsible for monitoring your deposits held at JPMorgan Chase Bank, N.A. for FDIC insurance purposes. Account balances, including balances in J.P. Morgan Premium Deposit, held in the same legal ownership are aggregated for purposes of determining applicable FDIC-insurance limits.
- The rate paid by J.P. Morgan Premium Deposit may be higher or lower than the rate available to direct depositors at JPMorgan Chase Bank, N.A. and/or other investment products available to you through your

JPMWM brokerage account. You should compare the terms, rate of return, required minimum amounts, charges and other features of J.P. Morgan Premium Deposit with those of other deposit accounts and alternative cash investments.

- Through J.P. Morgan Premium Deposit, JPMorgan Chase Bank, N.A. will receive stable, cost-effective source of funding. JPMorgan Chase Bank, N.A. intends to use deposits made by customers who deposit into J.P. Morgan Premium Deposit to fund current and new businesses, including lending activities and investments.

**Compensation:**

Your JPMS advisor may receive an annualized credit of up to 0.10% of the average daily balances in J.P. Morgan Premium Deposit.

**Resource(s) to obtain additional information:**

For more information about J.P. Morgan Premium Deposit, review the J.P. Morgan Premium Deposit Disclosure document at [jpmorgan.com/PremiumDepositDisclosure](https://jpmorgan.com/PremiumDepositDisclosure).

**N. SUSTAINABLE INVESTMENTS**

Sustainable investments may include additional risks. For example, investment in sustainable or environmental, social, and governance (ESG) investing strategies, including mutual funds and ETFs (ESG Strategies), may limit the types and number of investment opportunities, and ESG Strategies could underperform other strategies that do not have a sustainable or ESG focus. ESG Strategies may invest in securities or industry sectors that underperform the market as a whole or underperform other strategies screened for ESG standards. ESG Strategies 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 sustainable criteria can involve qualitative and subjective analysis, there can be no assurance that the methodology utilized by, or determinations made by, the advisor or J.P. Morgan will align with the beliefs or values of the client. Additionally, other advisors and firms can have a different approach to sustainable investing from that of the advisor or J.P. Morgan with respect to the same theme or topic. Any ESG Strategies that you and/or your advisor select will be developed based on your personal preferences, investment objectives and other relevant considerations that are unique to you based on your financial goals.

## COMPENSATION & POTENTIAL CONFLICTS

JPMS and its affiliates earn compensation in various ways that you should be aware of so you can better evaluate the recommendations you receive from your advisor and JPMS. Depending on the type of account and transaction, JPMS will earn revenue from our clients, our affiliates and, for some products and services, third parties, including product vendors, underwriters, and investment managers whose products and services are purchased by clients. JPMS also receives compensation as a result of certain intercompany profit-sharing and servicing agreements.

In a brokerage account, you generally compensate us through costs incurred with each transaction. This differs from an investment advisory account relationship in which the compensation is fee-based, not transaction-based, meaning the client pays a set fee or a fee based on the percentage of assets in the account in an advisory program. Miscellaneous account and administrative charges, as noted earlier, will also be charged to your account.

### A. ADVISOR COMPENSATION

We design our compensation program to encompass best practices, support our business objectives and enhance shareholder value. J.P. Morgan's compensation system plays a significant role in our ability to attract, retain and motivate the highest quality workforce. The compensation components described below do, however, create various incentives for advisors, including an incentive to recommend certain products and services, solicit business and bring assets to the firm at various times. J.P. Morgan policies and procedures exist to mitigate these conflicts of interest, where possible.

JPMWM has different compensation structures for its J.P. Morgan Private Client Advisors and Financial Advisors. Generally, J.P. Morgan Private Client Advisors are compensated on a base salary and commission basis, which is further detailed in the sections below. JPMID and JPMFA Financial Advisors are compensated with a base salary and a discretionary annual incentive award (bonus).

Where permitted, advisors can discount sales charges at their discretion, which could cause your advisor to earn reduced compensation associated with the discount. Because sales charges may be reduced or waived, this creates an opportunity for your advisor to avoid discounting (or to limit the discount on) sales charges. JPMS also benefits more if a sales charge is not subject to a discount.

In certain instances, clients are referred to an advisor by either an affiliate or non-affiliate of JPMS. In these cases, JPMS pays a portion of sales charge-related compensation the advisor earns to the referring party for the introduction. Because an advisor is required to share this compensation with the referring party, it creates an opportunity for the advisor to avoid offering or limiting discounts to maintain a higher level of compensation. Your advisor can tell you whether you were referred by an affiliate or non-affiliate of JPMS.

### B. J.P. MORGAN PRIVATE CLIENT ADVISOR COMPENSATION

#### Brokerage Relationships Generate Transaction-Based Fees

Your advisor may only recommend or refer you to investments and products that are offered for sale by JPMS or through the JPMWM platform. JPMWM and its advisors recommend, sell, and service investment products and services and are compensated on such products generally through the commissions, fees and expenses paid on the products and services that are sold. Fees vary by product, service and transaction size, so JPMWM and its advisors may receive more for selling one product or service than another. As such, a conflict of interest exists based on the specific advice that you receive concerning the type of transactions, including the nature, timing and frequency of the advice that you receive. These transaction-based fees are in connection with, for example, the buying and selling of stocks, bonds, mutual funds, annuity contracts and other investment products, as well as trading and exercising options. These include commissions, transaction fees, loads, and sales charges or other expenses that are embedded in the purchase price as well as compensation from third parties in some cases, all as further described in this document.

## Cash Compensation

In general, we pay our advisors monthly cash compensation consisting of two components: (1) a guaranteed monthly minimum salary and (2) an incentive payout if it exceeds the monthly minimum salary. The incentive payout is a percentage (called a grid rate) of the product-related revenue (called revenue credit) that each advisor generates during that month. The grid rate is based on monthly revenue levels and ranges from 22% to 35%; a small subset of advisors has a grid rate that is based on their trailing twelve-month revenue and ranges from 22% to 47%.

Some advisors, particularly in the initial years as a Private Client Advisor, are not anticipated to regularly qualify for a monthly incentive payout because they begin with a higher guaranteed monthly minimum salary that may be lowered over time. For these advisors, the amount and term of their minimum salary is determined at the sole discretion of the firm.

Advisors do not provide investment advice and do not receive revenue credit with respect to transactions in J.P. Morgan Self-Directed Investing accounts. Private Client Advisors do not receive revenue credit nor net new money credit (and are therefore not compensated) for revenue and net new money generated in households with less than \$100,000 in investment assets. Refer to below for net new money credit eligibility for J.P. Morgan Self-Directed Investing accounts.

## Margin

Advisors may receive compensation from the interest and fees paid by the client on margin debit balances held by the client in any account. As a result, JPMS and the advisor have a financial incentive for the client to incur margin debt to buy securities in the client's account because 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.

Furthermore, if you have a margin account with us, as permitted by federal law, we may also use certain securities in your account, among other things, for settling short sales and lending the securities for short sales, and as a result, we receive compensation in connection therewith. Advisors therefore have a financial incentive to recommend margin.

## Special Compensation Awards

Advisors are also eligible to receive a net new money award based on net new money (NNM) generated from new clients and based on new money from existing clients as a result of deepening those relationships.

In order to be eligible for the award, an advisor must meet a minimum threshold in total NNM in the annual award measurement period and be actively employed at the time of payout. The new money needs to be invested into an eligible investment product to receive the award. The award is a percent of NNM in excess of the minimum threshold, and averages between 0.22% and 0.25% of NNM in excess of the minimum threshold annually. On average, the award makes up about 5% of overall advisor compensation.

NNM-eligible products:

Investment advisory accounts

Mutual funds

Equities

Corporate and municipal bonds

Fixed, variable and indexed annuities

J.P. Morgan Donor Advised Funds (DAF)<sup>11</sup>

Structured products

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<sup>11</sup> J.P. Morgan offers a DAF through collaboration with National Philanthropic Trust (NPT) with approximately \$6B in AUM called the J.P. Morgan Donor Advised Fund, which has approximately \$32M AUM. NPT serves as the sponsoring public charity for the DAF accounts and is the third largest such DAF sponsor in the United States. J.P. Morgan is currently about 40% of NPT's book of business. Through NPT, J.P. Morgan offerings accept complex and illiquid assets, offer a larger variety of investment options, and have international grant-making capabilities, giving clients greater flexibility, enhanced options and fewer restrictions than competitors.

The award includes NNM credit for referrals to a JPMPA account. The award also includes NNM credit for referrals to a J.P. Morgan Self-Directed Investing account if the client was referred and the account was funded with at least \$25,000 NNM by year end.

Advisors may be able to qualify for compensation called a “Milestone Award” granted as restricted JPM stock units that vest over several years. An advisor can qualify for this award the first time they reach set milestones of cumulative revenue credit in a 12-month period. A small subset of advisors may be eligible to receive an award based upon their length of service, granted as restricted JPM stock units that vest over several years.

Advisors who are in their first 5 years as a Private Client Advisor may be eligible for a quarterly cash bonus if they meet performance expectations based on revenue, net new money and practice management behaviors.

### **C. JPMID AND JPMPA FINANCIAL ADVISOR COMPENSATION**

#### **Compensation to JPMID and JPMPA Financial Advisors**

As previously mentioned, JPMID and JPMPA Financial Advisors are compensated with a base salary and a discretionary bonus. The Financial Advisors annual incentive compensation is paid based on performance related criteria including client satisfaction, implementing investment or managed account solutions, and operational activities.

### **D. ADDITIONAL ADVISOR COMPENSATION**

#### **Non-Cash Compensation**

Advisors may receive certain non-cash compensation under limited circumstances. J.P. Morgan has implemented policies and procedures intended to ensure that its employees avoid actual or perceived conflicts of interest when giving or receiving non-monetary compensation from relevant parties and to comply with all applicable laws and regulations. To that end, J.P. Morgan’s policies generally prohibit acceptance of any gifts, entertainment or other non-monetary compensation in connection with the services we provide to any particular client or in return for any business of the firm. Exceptions may be made for certain nominal non-cash gifts to J.P. Morgan employees of less than \$100 meeting certain criteria, including potentially from third-party investment managers. Meals, refreshments and entertainment in the course of a host-attended business-related meeting or other occasion may also be permitted in limited circumstances. Travel or accommodation expenses are prohibited. The firm’s policies set conditions for each of these types of payments and do not permit any gifts or entertainment unless it is clear that the gift-giving person is not trying to influence or reward the employee inappropriately in connection with any business decision or transaction, and the gift is unsolicited.

In addition, certain representatives who demonstrate exceptional performance during the year may also be eligible to earn an annual trip through the National Achiever’s Conference.

#### **Other Non-Cash Compensation and Subsidies**

Third-party providers (such as fund companies) may participate in JPMWM-sponsored internal training and education conferences and meetings, seminars and sales meetings and may make payments to, or for the benefit of, JPMWM or its advisors to reimburse for certain expenses incurred for these events. Providers may also sponsor their own educational conferences or due diligence meetings and only pay for expenses while onsite for the event of advisors attending these events. JPMWM’s policies require that the training or educational portion of these conferences comprise substantially all of the event and such conferences and meetings are subject to review and approval.

Furthermore, JPMWM may provide sponsorship opportunities and access to our branch offices and advisors to such providers for educational, marketing and other promotional efforts. Any payments made by providers could potentially lead advisors to focus on products managed by these providers when recommending products to clients instead of those from other providers that do not commit similar resources to educational, marketing and other promotional efforts. As a general matter, clients should be aware that the receipt of economic benefits from others, in and of itself, creates a potential conflict of interest.

#### **Recruitment Incentives**

J.P. Morgan Private Client Advisors located in Chase branches do not receive any hiring or recruitment incentives to join the firm.

## **Banker Investment Referral Credit**

Certain bank employees are compensated when they refer clients to JPMS. Licensed bankers who have identified an investment referral opportunity and have been instrumental in the client's decision to meet with an advisor or invest via J.P. Morgan Self-Directed Investing accounts may receive referral compensation. A licensed investment referred transaction occurs when a referral from the licensed banker to an advisor results in an eligible investment (fixed annuities, variable annuities, mutual funds, investment advisory accounts and 529 plans). Licensed banker compensation is in the form of a referral credit which is based on the dollar amount ultimately invested in eligible products. The referral credit a licensed banker receives varies based on the type of advisor and eligible investment. Generally, a licensed banker will receive a larger referral credit for a referral of an eligible investment to a J.P. Morgan Private Client Advisor than for referrals to Financial Advisors or J.P. Morgan Self-Directed Investing.

Unlicensed bankers can also earn a one-time flat credit based on each referral that results in a completed appointment attended by the potential client and an advisor. Such payments to Bank employees do not affect the cost to a client.

## **E. COMPENSATION TO JPMS AND AFFILIATES**

JPMS is compensated from various sources, as described under Section 3 and more fully below, in addition to the account fees and transactions costs.

### **Purchasing J.P. Morgan Affiliated Funds and ETFs and Related Compensation**

JPMS and its affiliates provide a wide range of financial services to various mutual fund companies. Some of these affiliates provide investment management and other services to J.P. Morgan Funds or ETFs, for which those affiliates will benefit from that purchase as a result of receiving investment management fees and other forms of compensation in connection with the operation of such funds, such as shareholding servicing, custody, fund accounting, administration, distribution, securities lending and other services. Therefore, because JPMS and its affiliates will in the aggregate receive more compensation if you purchase shares in a J.P. Morgan Fund or ETF than if you were to purchase shares in a non-affiliated mutual fund, there is a conflict of interest when JPMWM clients purchase J.P. Morgan Funds. The prospectus, descriptive brochure, offering memorandum or similar documents for such products describe these fees and other compensation in detail.

### **Compensation for Other Services**

J.P. Morgan related persons provide financial, consulting, investment banking, advisory, brokerage (including prime brokerage) and other services to, and receive customary compensation from, an issuer of equity and debt securities that may be held by client accounts. Such compensation could include financial advisory fees, monitoring fees, adviser fees or fees in connection with restructurings or mergers and acquisitions, as well as underwriting or placement fees, financing or commitment fees, trustee fees and brokerage fees.

Certain funds track financial indexes in which the advisor or an affiliate retains various intellectual property rights. As a result, JPMC may be entitled to receive index licensing fees from unaffiliated licensees of these indexes.

To compensate JPMS for the placement and other services (including structuring, administration, investor relations, reporting, and other similar or related services) provided by JPMS or any of its affiliates in respect of hedge funds, private equity funds and other alternative funds on the JPMS platform, the fund manager (or an affiliate) generally pays JPMS fees equal to a percentage of the aggregate amount of subscriptions accepted from investors introduced by JPMS. Such fees are paid out of the assets of the fund manager (or other affiliate) and not from the fund's assets. There is, therefore, a potential conflict of interest in the form of an additional financial incentive to JPMS for making available to clients on the JPMS platform funds whose affiliates pay JPMS such fees. In certain circumstances, a portion of these fees may be passed on as compensation to certain advisors.

### **JPMorgan Chase Deposit Sweep**

JPMCB intends the Deposit Sweep deposits 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 Sweep and the interest rate or other income earned by JPMCB on loans and investments made with the deposits. Therefore, JPMS

and JPMCB have a financial incentive in the use of the Deposit Sweep as the primary sweep option. Advisors are not compensated on the assets in the Deposit Sweep.

### **Float Earnings**

JPMCB or an affiliate may retain, as compensation for the performance of services, your account's proportionate share of any interest earned on aggregate cash balances held by JPMCB or an affiliate with respect to "assets awaiting investment or other processing." These "assets awaiting investment or other processing" are invested by JPMCB in a number of short-term investment products and strategies, including, without limitation, loans to clients and investment securities. The amount of earnings retained by JPMCB on such assets, known as "float," due to their short-term nature, is generally considered to be 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 degree 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. JPMCB or an affiliate will generally earn float until such time as such funds may be automatically swept into a sweep vehicle or otherwise reinvested. "Assets awaiting investment or other processing" may also arise when JPMCB facilitates a distribution from your account. Pursuant to JPMCB's 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 at JPMCB, 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 your instruction (in which case the underlying funds are returned to the account). JPMCB derives earnings (float) from use of funds that may be held in this manner, as described above.

### **Principal Trading and Agency Cross Transactions Compensation**

When permitted by applicable law, JPMS may sell securities to you and buy securities from you through our own account as principal and act as agent for you and another client in the same trade without first obtaining your consent. The trading capacity is disclosed to you on the trade confirmation. When we or an affiliate act as principal in buying a security from or selling a security to a client, we earn compensation on the transaction by marking up the price of the security sold to the client and marking down the amount received by the client when selling a security to us. This spread is the firm's compensation for taking market risk and making a market in the security.

We have adopted policies and procedures that govern transactions for our principal accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there is a potential conflict with interests of clients.

In full-service brokerage retirement accounts, we generally trade in an agency capacity where applicable. JPMS also has the authority to effect "agency cross" transactions (i.e., transactions for which it or one of its affiliates acts as a broker for both the account and the counterparty to the transaction) when permitted by applicable law. JPMS or its affiliates may receive compensation from each party to the transaction, and for that reason, we will have a potentially conflicting division of loyalties and responsibilities regarding the parties to the transaction.

### **Order Flow, ECNs, Trading System Payments**

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.

JPMS may effect trades on behalf of your account through exchanges, electronic communications networks, alternative trading systems and similar execution systems and trading venues, including venues in which JPMS or its affiliates may have a direct or indirect ownership interest. JPMS or its affiliates will receive indirect proportionate compensation based on its ownership percentage in relation to the transaction fees charged by such trading centers in which it has an ownership interest and will change from time to time. 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).

### **Corporate Trustee Solutions**

J.P. Morgan offers various corporate fiduciary services for clients with complex family situations or when a trustee is needed. These services can be provided by either affiliated or non-affiliated entities, and fees can vary depending on provider or services selected. J.P. Morgan will receive greater compensation if its clients select services provided by an affiliated entity than if they select services provided by non-affiliated entities.

### **F. CONFLICTS OF INTEREST & OTHER DISCLOSURES**

A conflict of interest can be defined as an interest that might incline a broker-dealer or its advisors to consciously or unconsciously make a recommendation that is not disinterested. J.P. Morgan has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between JPMS, its advisors and its affiliates. These policies and procedures include information barriers designed to prevent the flow of information between JPMS and certain other affiliates. Certain actual or potential conflicts of interest are described below, while others are described throughout this booklet including, in particular, those relating to fees and other compensation earned by advisors, JPMS and its affiliates when transacting in a brokerage account.

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

J.P. Morgan is a diversified financial services firm that provides a broad range of services and products to its clients and is a major participant in the global currency, equity, commodity, fixed income and other markets in which JPMS client accounts invest. J.P. Morgan is typically entitled to compensation in connection with these activities. 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. J.P. Morgan also advises and represents potential buyers and sellers of businesses worldwide. JPMS client accounts have invested in, and in the future may invest in, such entities represented by J.P. Morgan or with which J.P. Morgan has a banking, advisory or other financial relationship. In addition, certain clients of J.P. Morgan, including JPMS clients, invest in entities in which J.P. Morgan holds an interest, or with respect to which J.P. Morgan provides services, including a J.P. Morgan Fund or J.P. Morgan ETF.

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 may otherwise adversely affect a JPMS client account or its investments. It should be recognized that such relationships can preclude JPMS' clients from engaging in certain transactions and can also restrict investment opportunities that would otherwise be available to JPMS clients. 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 potential investment opportunities for JPMS' clients. J.P. Morgan reserves the right to act for these companies notwithstanding the potential adverse effect on JPMS' clients. J.P. Morgan derives ancillary benefits from providing investment advice, custody, administration, prime brokerage, transfer agency, fund accounting, and shareholder servicing and other services to JPMWM. Providing such services to JPMS' clients enhances J.P. Morgan's relationships with various parties facilitates additional business development, and enable J.P. Morgan to obtain additional business and generate additional revenue.

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

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 for the proprietary accounts of JPMS and/or J.P. Morgan. JPMS and/or J.P. Morgan, within their discretion, can make different investment decisions and take other actions with respect to their proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions.

Furthermore, 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.

### **Investing in Securities in which JPMS or a Related Person Has a Material Financial Interest**

JPMS and its related persons may recommend or invest in securities on behalf of its clients that JPMS and its related persons may also purchase or sell. As a result, positions taken by JPMS and its related persons will be the same as or different from, or be made contemporaneously with or at different times than, positions taken for clients of JPMS. As these situations involve actual or potential conflicts of interest, JPMS has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding pre-clearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, JPMS has implemented monitoring systems designed to ensure compliance with these policies and procedures.

### **Other Financial Services Provided by JPMS and its Affiliates**

In addition to the services provided by JPMS to its brokerage clients, JPMS and its affiliates provide other financial services to individuals, corporations and municipalities. Those companies provide a wide variety of financial services to each other and third parties to facilitate servicing clients. These services may include, but are not limited to, banking and lending services, trustee services, sponsorship of deferred compensation and retirement plans, investment banking, securities research, institutional trading services, investment advisory services, and executing portfolio securities transactions for funds and other clients. JPMS and its affiliates receive compensation for these services.

### **Transfer of Assets to JPMS**

When you transfer assets from another firm to JPMS, including a rollover of assets from retirement plans or other accounts, we earn compensation on the assets; note, we will not earn this compensation if the assets are not transferred to JPMS. We may also earn more, and your advisor will begin to earn compensation, if your assets are transferred from a J.P. Morgan Self-Directed Investing account and placed in an investment advisory account or a full-service brokerage account, or are used to purchase an annuity through us. J.P. Morgan Private Client Advisors may qualify for a Net New Money (NNM) Award, which includes NNM credit for referrals to a J.P. Morgan Self-Directed Investing account if the client was referred and the account was funded with at least \$25,000 NNM by year end. Refer to Special Compensation Awards in Section 4B. Thus, you should be aware that we do have an economic interest in you transferring or rolling over your assets to us.

### **Allocation**

Potential conflicts of interest may arise in the process of allocating securities to full-service brokerage accounts for the purchase of securities that are distributed through syndicate transactions, particularly with regard to some equity IPO securities. JPMS may have an incentive to allocate syndicate securities to certain accounts or clients, particularly in cases where the client demand for the syndicate offering exceeds the supply. For example, JPMS has an incentive to allocate to one account over another account because it may receive more revenue from one account than it does from a similar account. This could incentivize JPMS to allocate opportunities of limited availability to the account that generates more revenue for JPMS.

JPMS has established policies, procedures and practices to manage the conflict described above. JPMS' syndicate allocation practices are designed such that syndicate allocation decisions are made following established procedures that require consideration of multiple factors and are designed to comply with securities laws and other applicable regulations. Syndicate allocation decisions that may give rise to material actual, potential or perceived conflicts of interest will be identified and escalated for review and resolution.

## **Non-U.S. Investments**

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, the volatility of some non-U.S. markets may be higher due to instability associated with their political and economic environments.

## **Complex Registered Mutual Funds and Exchange-Traded Products**

For additional information regarding complex registered mutual funds and ETPs, contact your advisor or review “Investing in Complex Registered Funds” at [jpmorgan.com/complex-funds](https://jpmorgan.com/complex-funds).

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

Certain asset management firms (each, an “asset manager”) through their funds and separately managed accounts currently hold a 5% or more ownership interest in J.P. Morgan publicly traded stock. This ownership interest presents a conflict of interest when JPMCB, JPMS and J.P. Morgan recommends or purchases the publicly traded security of the asset manager or the separately managed accounts or funds that are managed or advised by the asset manager. J.P. Morgan addresses this conflict by disclosing the ownership interest of the asset manager and by subjecting the asset manager’s separately managed accounts and funds to a research process. Additionally, the advisors and portfolio managers that may purchase or recommend securities, separately managed accounts and funds of an asset manager that has an ownership interest in J.P. Morgan, do not receive any additional compensation for that purchase or recommendation. A fund ownership interest in J.P. Morgan can cause the fund and its affiliates to determine that they are unable to pursue a transaction or the transaction will be limited or the timing altered. J.P. Morgan monitors ownership interests in J.P. Morgan for regulatory purposes and to identify and mitigate actual and perceived conflicts of interest. As of December 31, 2023, both Vanguard Group, Inc. and BlackRock, Inc. hold more than a 5% interest in J.P. Morgan.

## STATE-SPECIFIC INFORMATION

### A. MASSACHUSETTS

The Massachusetts Securities Division has adopted a standard of conduct rule that highlights the nature of our relationship with you under the state's law. Their rule, called "Fiduciary Duty of Broker-dealers and Agents," imposes a duty of care and loyalty on broker-dealers and advisors when providing certain investment advice or making certain recommendations to Massachusetts investors.

### B. NEVADA

Nevada amended its Financial Planner statute to include broker-dealers and investment advisers and their representatives within the definition of a financial planner, and thus subject them to provisions of the Nevada financial planner law.

### C. WYOMING

#### Disclosure Regarding the Incorporation of a Social Objective

Wyoming has adopted rules that require us to inform you if we incorporate a social objective when making certain discretionary investment decisions or recommendations for customers and clients in Wyoming.

J.P. Morgan also provides disclosures to you explaining that advisors act in your best interest when making investment recommendations and do not put their interests ahead of yours. Wyoming's rules do not change that. Your advisor will understand if a product or investment manager's strategy is consistent with your stated investment objectives and any recommendations with social objectives you and/or your advisor select will be developed based on your personal preferences, investment objectives and other relevant considerations that are unique to you based on your financial goals. In furtherance of your personal preferences and investment objectives, we will continue to consider a broad array of products and managers, including those that contain social objectives.

For additional information regarding certain types of investments that incorporate social objectives, refer to Sustainable Investments in Section 3.

## APPENDIX

### A. BROKERAGE FEE AND COMMISSION SCHEDULES

Refer to next page.

### B. REVENUE SHARING FUND PARTNERS

JPMS receives revenue sharing payments from the following fund partners for marketing and support services:

- AllianceBernstein, Allspring, American Century, American Funds, BlackRock, BNY Mellon/Dreyfus, Federated Hermes, Fidelity, Franklin Templeton/Brandywine/ClearBridge/Legg Mason/Royce/Western, Goldman Sachs, Hartford, Invesco, John Hancock, JPMorgan, Macquarie/Delaware/Ivy Funds, Morgan Stanley/Eaton Vance/Calvert, Lord Abbett, MFS, New York Life/Mainstay, Nuveen, Pacific Funds, PGIM, PIMCO, Putnam, and Transamerica.

The aforementioned revenue share payments from fund partners are not a factor in JPMS' decision of what funds are included on the firm's approved or solicitation list.

## Fee Schedule for Brokerage Accounts and Managed Accounts

### PLEASE READ CAREFULLY

This schedule contains information about the fees and charges that apply to your account and your transactions. Please note that the fees and other information are subject to change without notice.

<b>ANNUAL ACCOUNT FEES</b>	Brokerage Account <sup>1</sup>	<b>\$50</b> — How to avoid this fee: Be a Chase Private Client or have \$25,000+ in combined investment balances or generate \$50 in commissions in your account during a calendar year
<b>ADMINISTRATIVE FEES</b>	Non-Retirement Account Transfer and Termination	<b>\$95</b> — Applies when all assets are transferred out of the account
	Retirement Account Termination <sup>2</sup>	<b>\$95</b> — Applies when all assets are transferred out of the account via check, ACH or wire transfer
	Trade Confirmation <sup>1</sup>	<b>\$5 per trade</b> — This fee does not apply to Chase Private Clients or clients who enable electronic confirmations <sup>3</sup>
	Overnight Express Mail	<b>\$10 per item</b> — This fee does not apply to Chase Private Clients
	Wire Transfer <sup>4</sup>	<b>\$25 per wire</b> — This fee does not apply to Chase Private Clients
	Stop Payment	<b>\$30 per item</b> — This fee does not apply to Chase Private Clients
	Debit Balance Interest due to fees, pre-payment, late payment and other miscellaneous charges above free cash available. Does not apply to retirement accounts or managed accounts.	Prevailing Margin Rate <sup>5</sup> • \$0 to \$25,000: Prime + 4.75% • \$25,001 to \$50,000: Prime + 4.50% • \$50,001 to \$100,000: Prime + 4.00% • \$100,001 to \$500,000: Prime + 3.75% • \$500,001 to \$1,000,000: Prime + 3.00% • \$1,000,001 to \$3,000,000: Prime + 2.50% • \$3,000,001 to \$10,000,000: SOFR + 2.35% • \$10,000,001 and above: SOFR + 1.85%
<b>PHYSICAL CERTIFICATE FEES</b>	Safekeeping	<b>\$10 per item, per month</b> — This fee does not apply to Chase Private Clients

All of the above fees will be charged either to your linked bank account or brokerage account.

Other fees and charges may apply including, but not limited to, fees intended to offset fees charged by certain regulatory bodies, and costs for foreign currency transactions, foreign clearing charges and safekeeping, ADR related fees and other fees JPMS may incur as a result of servicing your investment account.

**Note: Additional Foreign Security Fees may be charged as incurred from agent banks.**

<sup>1</sup> Fees do not apply to managed accounts. Other exclusions may apply.

<sup>2</sup> This fee does not apply if the assets are moving to another internal investment account or annuity.

<sup>3</sup> Please access your account at chase.com or via the Chase Mobile® app for information and instructions on how to go paperless. Chase Mobile® app is available for select mobile devices. Message and data rates may apply.

<sup>4</sup> This fee does not apply to internal wire transfers.

<sup>5</sup> The annual rate of interest that you will be charged on any U.S. dollar-denominated credit is based on either the Prime interest rate (Prime) or the Secured Overnight Financing Rate (SOFR). The Prime interest rate is an important index used by banks to set rates on many consumer loan products, such as credit cards or auto loans. The Prime interest rate will move up or down in lockstep with changes made by the Federal Reserve Board. SOFR is a benchmark for dollar-denominated derivatives and loans. SOFR is based on transactions in the Treasury repurchase market.

J.P. Morgan Wealth Management is a business of JPMorgan Chase & Co., which offers investment products and services through J.P. Morgan Securities LLC (JPMS), a registered broker-dealer and investment adviser, member FINRA and SIPC. Insurance Products are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. Certain custody and other services are provided by JPMorgan Chase Bank, N.A. (JPMCB). JPMS, CIA and JPMCB are affiliated companies under the common control of JPMorgan Chase & Co. Products not available in all states.

#### 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

## Commission Schedule for Brokerage Accounts

### PLEASE READ CAREFULLY

This schedule contains information about the fees and charges that apply to your account and your transactions. Please note that the fees and other information are subject to change without notice.

<b>STOCKS AND EXCHANGE-TRADED FUNDS</b>	1% of principal. Minimum commission of \$25 may apply to stock and ETF trades.								
<b>STOCKS AND ETFS VIA CHASE.COM<sup>1</sup></b>	\$0.00								
<b>OPTIONS<sup>2</sup></b>	<table> <tr> <th>Premium Price</th><th>Fee Per Contract</th></tr> <tr> <td>\$0.01–\$0.49</td><td>\$1.00 per contract</td></tr> <tr> <td>\$0.50–\$0.99</td><td>\$2.00 per contract</td></tr> <tr> <td>\$1.00 and over</td><td>\$4.00 per contract</td></tr> </table> <p>Minimum commission of \$25 may apply to option trades.</p>	Premium Price	Fee Per Contract	\$0.01–\$0.49	\$1.00 per contract	\$0.50–\$0.99	\$2.00 per contract	\$1.00 and over	\$4.00 per contract
Premium Price	Fee Per Contract								
\$0.01–\$0.49	\$1.00 per contract								
\$0.50–\$0.99	\$2.00 per contract								
\$1.00 and over	\$4.00 per contract								
<b>OPTIONS VIA CHASE.COM<sup>1</sup></b>	\$0.65/Contract								
<b>FIXED INCOME</b>	Fixed income securities are typically purchased on principal basis and are subject to a markup (if you are a buyer) or markdown (if you are a seller) charged by J.P. Morgan Securities LLC (JPMS). Transactions involving municipal securities in which JPMS cannot determine a fair price may be charged a commission as opposed to a markup or markdown. Your advisor can provide you with the markup, markdown or commission charged on fixed income securities.								
<b>UNIT INVESTMENT TRUSTS AND VARIABLE INSURANCE</b>	Read your prospectus for complete details regarding the sales loads, surrender charges and other fees for such products. There are no additional transaction fees applied for purchases or redemptions of such products.								
<b>STRUCTURED NOTES</b>	For new issues, read your offering documents for complete details on the offering price, which includes a selling concession. In cases where structured products are called before maturity, fees are not rebated.								
<b>MUTUAL FUNDS<sup>3</sup></b>	Read your prospectus for complete details regarding the sales load, redemption fees and other fees for such products. There are no additional transaction fees applied for purchases or redemptions of such products.								
<b>MARGIN</b>	<p>Prevailing Margin Rate<sup>4</sup></p> <ul style="list-style-type: none"> <li>• \$0 to \$25,000: Prime + 4.75%</li> <li>• \$25,001 to \$50,000: Prime + 4.50%</li> <li>• \$50,001 to \$100,000: Prime + 4.00%</li> <li>• \$100,001 to \$500,000: Prime + 3.75%</li> <li>• \$500,001 to \$1,000,000: Prime + 3.00%</li> <li>• \$1,000,001 to \$3,000,000: Prime + 2.50%</li> <li>• \$3,000,001 to \$10,000,000: SOFR + 2.35%</li> <li>• \$10,000,001 and above: SOFR + 1.85%</li> </ul>								

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Other fees and charges may apply including, but not limited to, fees intended to offset fees charged by certain regulatory bodies, and costs for foreign currency transactions, foreign clearing charges and safekeeping, ADR related fees and other fees JPMS may incur as a result of servicing your investment account.

<sup>1</sup> Not available for accounts open after May 5, 2025.

<sup>2</sup> Options involve a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through J.P. Morgan. Investing involves risks, including loss of principal. Please read the Options Disclosure Document titled [Characteristics and Risks of Standardized Options](#) before considering any options transaction. Supporting documentation for any claims or statistical information is available upon request.

<sup>3</sup> Investors should carefully consider the investment objectives and risks, as well as the charges and expenses, of the mutual fund before investing. To obtain a prospectus, contact your Investment Representative or visit the fund company's website. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.

<sup>4</sup> The annual rate of interest that you will be charged on any U.S. dollar-denominated credit is based on either the Prime interest rate (Prime) or the Secured Overnight Financing Rate (SOFR). The Prime interest rate is an important index used by banks to set rates on many consumer loan products, such as credit cards or auto loans. The Prime interest rate will move up or down in lockstep with changes made by the Federal Reserve Board. SOFR is a benchmark for dollar-denominated derivatives and loans. SOFR is based on transactions in the Treasury repurchase market.

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