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J.P.Morgan

A Guide to Mutual Fund Investing

Are you thinking about investing in mutual funds? Here's a brief guide to help you get started.

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What are the benefits of mutual funds? How much do they cost? Which funds are right for you? What should you consider before investing? These are just a few of the questions we'll answer here.

- Mutual funds are not bank deposits and are not guaranteed by the FDIC or any government agency. They involve risks, including the possible loss of some or all of your investment.
- Past performance is not a reliable indicator of future performance. However, it can help you assess a fund's volatility and how it performs in various market conditions.

PART A. WHY INVEST IN MUTUAL FUNDS?

Advantages

More than 100 million Americans use mutual funds to invest for their long-term goals. Here are some of the benefits they offer:

- **Professional management**
  When you invest in a mutual fund, your money is managed by full-time professionals. They research and select investments that are appropriate for the goals and risk tolerance of each fund and monitor the fund's performance so they can change the portfolio when needed.
- **Diversification**
  Buying shares in a mutual fund makes it easy for you to spread your holdings over many different companies and industries. This can help protect your assets against market volatility. However, diversification does not guarantee a profit or protect against a loss.

Diversification is another way of saying, "Don't put all your eggs in one basket."

- **Choice**
  Mutual funds give you a wide variety of choices to help meet your financial goals. You can invest for different objectives, at different levels of risk and in different kinds of securities.

  ➠ *See Part C to learn about different types of mutual funds.*

- **Affordability**
  Mutual funds enable you to invest with a relatively small amount of money. Outside of a fund, it would generally require a much larger investment to build such a diversified portfolio.

- **Liquidity**
  You can generally sell your shares at any time and for any reason. However, there may be rare occasions when fund sales are restricted due to extreme market conditions.

  ➠ *See Part E for more information about buying and selling shares.*

- **Automatic reinvestment**
  Mutual funds give you the option of reinvesting your dividends and capital gains in new shares of the fund, without incurring a sales charge.

  You can purchase fractions of a mutual fund share, so every dollar you reinvest goes right back to work in the fund.

Important considerations

While they have many benefits, mutual funds also have potential issues that investors should consider before deciding to invest:

- **Risk**
  All mutual funds carry some degree of risk. Your investment will go up and down in value. You can lose some or all of your money. Your earnings can fluctuate too.

  ➠ *See Part C for more information about risks.*

- **Cost**
  Regardless of how a fund performs, you must pay the sales charges, management fees and other expenses of the fund. These costs will reduce your investment returns.

  ➠ *See Part D for more information about costs.*

- **Taxes**
  You may have to pay taxes on any income or capital gains earned by the fund. This is especially important at the end of the year, when many funds distribute capital gains to investors.

  ➠ *See Part E for more information about taxes.*

- **Lack of transparency**
  You will not know the exact holdings of your fund in real time. (Fund holdings are reported with a delay.) Nor will you have any influence on which investments the fund's managers buy or sell, or when they buy or sell them.

PART B. HOW MUTUAL FUNDS WORK

Mutual funds pool money from many investors and invest it in a portfolio of securities, such as stocks or bonds. Each share of the fund equals a portion of ownership in its holdings and of the income it earns.
Here are five things every investor should know about mutual funds:

- **Mutual funds are highly regulated**
  A mutual fund is actually an "investment company" whose purpose is to invest the assets of the fund. All mutual funds are regulated by the U.S. Securities and Exchange Commission (SEC) to make sure they comply with a strict set of rules designed to protect investors.

- **Each fund has a defined objective**
  Every mutual fund strives to achieve a specific investment objective such as long-term growth or current income. This objective is stated in the fund's fact sheet and prospectus in order to help you choose funds that match your goals.

  ➠ *See Part C to learn about different investment objectives.*

- **Share value is determined daily**
  Mutual fund shares are priced at the end of each business day, based on the net asset value (NAV) of the fund's holdings. When you sell your shares, you will receive the current NAV minus any applicable sales charge or fees.

  ➠ *See Part E for more information about NAV.*

- **All income is passed through to investors**
  Mutual funds earn income through dividends and interest payments on the securities they hold. This income is passed on to shareholders (after deductions for expenses) as fund dividends. Shareholders may take fund dividends as cash or reinvest them in new shares of the fund.

  Funds may pay dividends monthly, quarterly, semiannually or annually. Fund dividends are taxable as ordinary income.

- **Capital gains are passed through to investors too**
  Mutual funds earn capital gains (or losses) when they sell some of their securities. Net gains are passed on to investors as capital distributions. Shareholders may take these distributions as cash or reinvest them in new shares of the fund.

  Capital distributions are paid annually, usually in December. Distributions are taxable as short-term or long-term capital gains.

PART C. TYPES OF MUTUAL FUNDS

Different mutual funds offer varying potential for return and risk. In general, funds with the potential for higher returns also have higher volatility and greater risk of losing money. Understanding your financial goals and risk tolerance is the first step in choosing which funds could be right for you.

A mutual fund must usually hold at least 80% of its assets in the types of investment suggested by its name. It may also hold up to 20% in other investments. Read the prospectus to see a fund's specific guidelines.

- **Stock (Equity) Funds**
  Many mutual funds invest in stocks, which are also called "equity investments" or "equities" because they are shares of ownership in a company.

  – Risks
  Stock funds have higher market risk than bond funds or money market funds, because stock prices can fluctuate dramatically. However, stocks have historically performed better than bonds or other investments over the long term.

The types of risks a stock fund is subject to will vary by type and are detailed in the fund's prospectus. The risks a stock fund may be subject to include:

General Market Risk	Economies and markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.
Equity Market Risk	The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries.
Smaller Company Risk	Investments in securities of smaller companies may be riskier and more volatile and vulnerable to economic, market and industry changes.
International Risk	Investments in foreign issuers and securities (including depositary receipts) are subject to additional risks, including but not limited to, political and economic risks, greater volatility, currency fluctuations, higher transaction costs, and less stringent investor protection and disclosure standards of foreign markets.
Emerging Markets Risk	Emerging market countries typically have less-established market economies and may face greater social, economic, regulatory and political uncertainties.
Currency risk	Changes in foreign currency exchange rates will affect the value of a Fund's securities and the price of a Fund's shares.

– **Investment objectives**

Stocks can make money for investors in two ways:

1. They can grow in value when their share prices increase.
2. They can earn income through stock dividends paid by the company.

Stock funds that focus on companies with rising share prices are called "growth" or "capital appreciation" funds. Funds that seek to make money from stock dividends as well as rising share prices are called "growth and income" or "equity income" funds.

Growth funds are generally considered riskier because they invest in companies that may not pay dividends. Growth-and-income funds try to reduce risk by combining growth with a steadier source of return through dividends.

– **Types of stock funds**

There are thousands of funds investing in every corner of the stock market all over the world. These are some common stock funds:

Large cap funds	Invest in larger companies
Small cap funds	Invest in smaller companies
International funds	Invest in non-U.S. companies
Global funds	Invest in both U.S. and non-U.S. companies
Sector funds	Invest in specific kinds of industries, such as technology or consumer products

- **Bond (Fixed Income) Funds**
  Mutual funds that invest in interest-paying securities are called bond funds or fixed income funds. Interest is passed through to investors (minus fund expenses) and is called the fund's yield. Bond funds are popular with investors who seek regular income or to balance their stock investments with more conservative funds.
  – Risks
  While bond funds may be less volatile than stock funds, they are still subject to several kinds of risk, including:

Credit risk	The risk that the bond's issuer may default on its debts
Interest rate risk	The risk that bond prices will go down when interest rates rise
Inflation risk	The risk that inflation will reduce the purchasing power of the fund's dividends
Call risk	The risk that bonds in the portfolio will be called (bought back by the issuer) and replaced with lower-paying bonds
Reinvestment risk	The risk that fund dividends will be reinvested at a lower interest rate
Event risk	The risk that mergers, acquisitions, restructurings or other events will affect the issuer's creditworthiness
Currency risk	The risk that foreign bonds will be negatively affected by changes in exchange rates

Bond funds—unlike the bonds they hold—do not pay fixed rates or have a maturity date. Your income from a bond fund will fluctuate, and there is no guarantee you will get your original investment back when you sell your shares.

– **Investment objectives**
Some bond funds focus on "current income" by seeking to maximize yields while minimizing price fluctuations. Others invest for "total return" from the combination of current income plus capital gains from rising bond prices.

– **Types of bond funds**
You can find bond funds investing in many different kinds of interest-paying securities. Some of the most common funds invest in corporate bonds, government bonds, tax-exempt municipal bonds, high yield bonds, intermediate-term bonds, short-term bonds, global bonds or emerging markets bonds issued by developing countries.

- **Multi-Asset Funds**
  There are several kinds of funds that combine stocks, bonds and other securities in one portfolio:
  – "Balanced" or "asset allocation" funds diversify their portfolios across stocks, bonds and cash.
  – "Target-date" or "life cycle" funds change their allocation to become more conservative as you get older and closer to retirement.
  – "Flexible" or "unconstrained" funds have a broad mandate to invest in a wide range of securities.

- **Index Funds**
  Instead of researching and selecting individual securities, index funds seek to mimic the composition and the performance of an entire market index, such as the S&P 500 index of large cap stocks. Index funds, also called "passive funds," usually have lower expenses than actively managed funds have. You can find index funds that invest in a wide variety of stock, bond and other indexes.

The returns of an index fund are calculated net of the fund's expenses, unlike the index itself, which does not include any management fees or other costs.

- **Non-Traditional Funds**
  Instead of long-term investing in traditional stocks or bonds, some mutual funds follow alternative investment strategies. These funds may pursue complex trading strategies such as short-selling or using options and futures, or invest in nontraditional asset classes such as commodities or real estate securities. These funds may also use leverage (borrowed money) to increase their potential returns, which also increases their risk. See Investing in Non-Traditional Funds for additional information.

  Not all investment funds are mutual funds. Hedge funds, venture capital funds, exchange-traded funds, closed end funds and unit investment trusts are NOT mutual funds and are not subject to the same rules and regulations.

- **Money Market Funds**
  These funds seek to pay higher interest than bank accounts do while maintaining a consistent value of $1 per share. However, they are not bank accounts, not FDIC-insured and not guaranteed to maintain their value.

  In 2016, the SEC adopted reforms to reduce the potential risks to money market funds. During extreme market volatility, money market funds may now impose:

  – "Redemption gates" that could temporarily prevent you from selling your shares

  – "Liquidity fees" that could charge up to 2% for selling your shares

  Fund companies must designate money market funds (at the fund family level) as retail, institutional or government. Retail money market funds have policies and procedures reasonably designed to limit all beneficial owners to "natural persons" (e.g. individuals, but not corporations).

  Institutional money market funds (but not retail funds) may also impose a "floating NAV" that would allow the value of its shares to fluctuate in extreme conditions.

  These reforms do not apply to government money market funds, unless they disclose this to you in the prospectus.

PART D. HOW MUCH DO MUTUAL FUNDS COST?

Like any business, mutual funds have expenses. These costs are passed through to investors. It's important to understand these costs, because they will affect your investment returns.

- **Sales charges**
  Some mutual funds charge a fee to purchase shares, which is paid when you buy or sell the fund. A portion of this fee is usually paid to your financial advisor. Sales charges vary for different share classes.

  See Part E for more information about share classes.

- **Front-end load**
  When mutual funds charge an upfront fee to buy shares, it's called a "front-end load." It is deducted from the purchase price, and reduces the amount of your initial investment. This charge typically applies to Class A shares.

- **Back-end load**
  Instead of a front-end load, you can buy some mutual funds with a contingent deferred sales charge (CDSC), called a "back-end load." This fee is charged when you sell your shares. The amount is reduced over time, and usually becomes zero after a period of years. It typically applies to Class B and C shares.

- **Exchange fees**
  If you transfer your shares from one fund to another within the same fund group, you may be charged an exchange fee. In some cases, these fees are waived.

- **Operating expenses**
The ongoing costs of running a fund are called its operating expenses. The fund company pays these expenses from the fund's assets before distributing any earnings to investors, which reduces the net returns of the fund.

It's easy to find out the operating costs of a fund by looking at its "expense ratio," which is disclosed on every fund's fact sheet and prospectus. The expense ratio is the fund's total annual operating costs as a percentage of its assets.

- **Management fee**
The largest cost of running a fund is usually the management fee paid to its investment advisor for researching and selecting securities in the portfolio, as well as some administrative expenses.

- **12b-1 (distribution and service) fees**
These fees cover the cost of marketing and selling fund shares and providing shareholder services, such as advertising, running phone centers, and printing and mailing prospectuses. A portion of this fee may be paid to the brokerage firm that distributes the fund, and another portion may be paid to your financial advisor. Class B and C shares usually have higher 12b-1 fees than Class A shares.

- **Other expenses**
Other costs, such as legal and accounting services, custody, transfer agency, and administration, are also included in the fund's operating expenses.

- **Revenue sharing**
Some mutual funds or affiliated entities pay a portion of their revenue to the brokerage firm that distributes the fund to investors. These payments come out of the entity's revenues or profits and are not charged separately to investors. J.P. Morgan Securities LLC (JPMS) receives these payments from some mutual fund advisors, distributors or other entities, based on the amount of shares sold by JPMS or owned by JPMS's clients. Your financial advisor does not get paid a portion of this revenue.

PART E. HOW TO INVEST IN MUTUAL FUNDS

- **Buying and selling**
Mutual funds may be purchased or "redeemed" (sold back to the company) at the "net asset value" (NAV) per share, calculated after you place your order. The NAV is the total value of the fund's holdings divided by the number of shares. It is calculated every business day at the time listed in the prospectus—usually 4PM Eastern Time, when the New York Stock Exchange closes. Applicable fees and sales charges, if any, are added to your purchase price or deducted from your sale price.

If your order is received after the cutoff time, or while the markets are closed, it will be priced on the next business day.

- **Restrictions on short-term investors**
Most mutual funds are designed to help long-term investors meet their financial goals over time. They may not be suitable for investors seeking quick profits or to "time the market" through active trading. To protect other shareholders, some funds have implemented policies to discourage excessive trading.

Rapid buying and selling can harm other shareholders by disrupting the fund's investment strategy, increasing trading costs or causing the fund's managers to keep more of its assets in cash.

- **Redemption fees**
Some funds may charge fees to investors who redeem their shares within a few months of purchasing them. These fees are usually returned to the portfolio to offset the trading costs.

- **Trading restrictions**
  Most funds limit the number of transactions within a specific time period. For example, shareholders in some funds may make only two exchanges within 30 days of each other.
- **Exchange privileges**
  Many funds have the right to modify their exchange privileges if there are excessive exchanges within their fund group. For example, they may delay the implementation of exchanges to disrupt market timing strategies.
- **Market timers**
  Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short-term market movements.

  Some funds may restrict the trading privileges of shareholders who are found to be market timers, or expel them from the fund.
- **Taxes**
  Shareholders may need to pay several kinds of taxes on their mutual fund investments. Consult your tax advisor to see how these could apply to your individual situation.
  - **Tax on current income**
    You may owe income tax on fund dividends, even if you reinvest that income.
  - **Tax on capital distributions**
    You may owe income tax on the capital gains distributed by the fund, even if you didn't sell your shares. Some or all of these distributions may be eligible for the preferred rate on long-term capital gains.

    Capital gains are distributed to investors on the date specified in the fund's prospectus, usually in December. Purchasing shares after a fund's "ex-dividend date" (the date when capital distributions are deducted from the portfolio), may help avoid unwanted capital gains distributions.
  - **Tax on selling your shares**
    When you sell your shares, you may owe income tax on any capital gains you earned from the sale. This could be eligible for the preferred rate on long-term capital gains if you held your shares longer than a year.
  - **Tax on fund exchanges**
    If you transfer your holdings within a fund group, you may owe income tax on any capital gains from selling your shares of the original fund.

    Even municipal bond funds may be subject to some taxes. While municipal bond interest is exempt from federal (and some state and local) income tax, you could still be liable for state tax, income tax on nonexempt securities and capital gains tax on capital distributions. You may also owe capital gains tax when you sell your shares.
- **Share classes**
  Many mutual funds give you a choice of how to pay for your investments, by offering more than one share class. Each share class invests in the same portfolio but has different sales charges and expenses. The share classes available in each fund vary, and can change from time to time. These are some of the most common share classes:
  - **Class A shares**
    These shares generally have a front-end load (sales charge) deducted from your initial investment. While the initial charge can be higher, this may be the least costly way for long-term investors to buy shares. There are usually no redemption fees, and 12b-1 fees may be lower than for other share classes.

    The amount of the sales charge depends on how much you invest. Discount opportunities, called "breakpoints," are described below.

- **Class B shares**

  Instead of a front-end load, these shares generally charge a redemption fee (back-end load) when you sell them. The amount is gradually reduced over time, and usually becomes zero after a period of years. Class B shares typically have higher 12b-1 fees than Class A shares. These higher operating expenses will reduce your annual returns.

  Most fund companies will automatically convert Class B shares into Class A shares when the back-end load expires, so you will no longer pay the higher expenses.

- **Class C shares**

  These shares generally do not have a front-end or back-end sales charge, unless you sell in the first year, when you may be charged a Contingent Deferred Sales Charge (CDSC). However, they usually have higher 12b-1 fees, which reduces your annual returns. Class C shares may never convert to Class A shares, so you may continue paying the higher expenses as long as you own the shares. Review the fund's prospectus to see the fund's official rules and policies.

- **Class I shares**

  These shares have no sales charges or 12b-1 fees. They are available only to pension funds, foundations, endowments and other institutional investors, and in some cases through Registered Investment Advisors or in fee-based advisory programs.

- **No-Load shares**

  These shares have no sales charges but they may have 12b-1 fees. They are typically purchased directly from the fund company, or in self-directed investment platforms that do not provide advice.

▪ **Breakpoints**

Discounts are usually available on front-end sales charges when you reach certain levels of investment called "breakpoints." Each fund company sets its own breakpoints and defines how they are calculated.

To reach a breakpoint, you may be able to combine new purchases with existing holdings (Rights of Accumulation). You may also be able to reach breakpoints over time by signing a Letter of Intent that commits you to buying additional shares over a period of time. There is usually no sales charge for investments greater than $1 million; however, these purchases may be charged a back-end load if they are sold within a specified time period.

Some investors may be eligible to waive sales charges due to their employment affiliation or type of account.

Breakpoint schedules and waiver eligibility rules are listed in the fund's prospectus or Statement of Additional Information (SAI).

▪ **Investing through a fee-based advisory program**

In fee-based advisory programs, you pay an annual fee based on the percentage of the value of the assets held in your account. These fee-based advisory programs allow you to purchase certain institutional shares or load-waived Class A shares (or another share class without a front-end sales charge or CDSC). The total cost of purchasing and holding funds through a fee-based advisory program may be more or less than purchasing through a traditional brokerage account serviced by a financial advisor or through a self-directed account. These programs may also provide some services and benefits not available in a traditional account.

▪ **To learn more**

Consult the fund's prospectus to fully understand your options before investing. The fee table in the prospectus will clearly show the fees and expenses paid by each class of shares. You can easily compare the cost of owning different shares or different funds using FINRA's online Fund Analyzer at https://tools.finra.org/fund_analyzer/.

- **Common share classes at a glance**[+]

	A Shares	B Shares	C Shares	I Shares	No-Load Shares
Front-end load	Yes	No	No	No	No
Back-end load	No	Yes	First year only	No	No
12b-1 fees	Lower	Higher (converts to A shares after a period of years)	Higher (may never convert)	No	Sometimes
Ways to reduce sales charges	Volume discounts (breakpoints)	Gradually reduced to zero after a period of years	n/a	n/a	n/a

[+]The information presented here is for informational purposes only; sales charges and fees may vary by fund. Please consult the fund's prospectus for the expenses of the fund prior to investing.

- **Documents**
  Before you invest, be sure to read the fund's prospectus and other available documents. The prospectus and SAI have tables of contents that allow you to easily find the information you need to help make sound investment decisions.

- **Fact sheets**
  Mutual fund fact sheets are a good starting point for learning about a fund. (You should also review the prospectus of any fund you are seriously considering.) The fact sheet provides a quick summary of basic fund information such as investment objectives, risks, expenses, performance and key facts such as the fund's inception date, total assets and largest holdings.

- **Prospectus**
  You should review the fund's prospectus before investing in a mutual fund. The prospectus is a legal document filed with the SEC containing the fund's official rules and policies. It has a table of contents and always includes the following:
  - fund's investment objectives
  - fund's strategies for achieving its objectives
  - principal risks of investing in the fund
  - fees and expenses
  - past performance
  - information about the fund's investment advisors and portfolio managers
  - how to purchase and sell fund shares

  All prospectuses use the same categories of information, and standard formats for fees and performance, to make it easy for investors to compare different funds.

- **Shareholder reports**
  Mutual funds must send their shareholders an annual and semiannual report within 60 days after the end of the fund's fiscal year and midyear. These reports will contain updated financial data, a list of securities in the fund's portfolio, a management discussion of recent performance and other information.

- **Statement of additional information (SAI)**
  The SAI explains a fund's operations in greater detail than in the prospectus. It includes the following:
  - fund's financial statements
  - history of the fund
  - fund policies on borrowing and diversification
  - names of fund officers, directors and other controlling persons

- investment advisory and other services
- brokerage commissions
- tax matters
- performance data, including yield and average annual total return

Mutual funds are required to send you an SAI anytime you ask for one. See the back cover of the prospectus to find out how to get an SAI.

PART F. IMPORTANT INFORMATION—GLOSSARY

12b-1 (distribution and service) fees – Fees paid out of fund assets to cover the costs of marketing and selling fund shares and providing some shareholder services. A portion of this fee may be paid to the brokerage firm that distributes the fund, and to your financial advisor.

Breakpoints – The investment amounts at which discounts are available on the front-end load (sales charge) of a mutual fund.

Capital distributions – A mutual fund must distribute to shareholders any capital gains it earns by selling securities in its portfolio. Capital distributions are made annually, usually in December.

Contingent deferred sales charge (CDSC) – A back-end load (sales charge) or redemption fee charged when you sell your shares, which is gradually reduced over time and becomes zero after a period of years.

Distribution fee – A fee paid by shareholders (part of 12b-1 fees) to compensate brokers and others who sell shares, and to pay for marketing costs such as advertising and printing and mailing prospectuses.

Dividends – Mutual funds can earn income through dividend and interest payments on the securities in its portfolio, which is passed on to shareholders as fund dividends. Dividends may be paid monthly, quarterly, semiannually or annually.

Exchanges – The transfer of your investment from one mutual fund to another within the same fund family as dictated by the fund's prospectus. Exchanges may incur fees and/or taxes.

Expense ratio – This is the standard measure of fund expenses, expressed as a fund's total annual operating expenses as a percentage of its assets.

Investment adviser – The company responsible for managing investments in the fund's portfolio.

Investment company – Legally, mutual funds are considered a type of investment company whose primary purpose is to invest the assets of the fund.

Letter of Intent (LOI) – You may be able to reach a fund's breakpoints by making a commitment to buy additional shares within a specified time period.

Management fee – The fee paid by a mutual fund to its investment advisor or affiliates for managing the fund's portfolio. It may also include some administrative expenses.

Mutual fund – The common name for an open-end investment company. It pools money from many investors and invests it in a portfolio of securities. Shares of the fund are continuously issued, and can be purchased from the fund company (or through a broker) instead of on a secondary market or exchange.

Net asset value (NAV) – The per-share price of a fund, calculated every business day. It is the total value of the fund's holdings divided by the number of shares.

No-load fund – A fund that does not charge any type of sales load. However, it may charge other fees that are not sales loads, and also charge operating expenses.

Operating expenses – The ongoing costs of running a fund, including management fees, 12b-1 fees and other expenses. Operating expenses are paid from the fund's assets before distributing any earnings to investors, which reduces the returns of a fund.

Portfolio – The combined holdings of stocks, bonds or other securities owned by a mutual fund, or by any other individual or entity.

Portfolio managers – The individuals who work for the investment advisor and make day-to-day decisions about which securities to buy and sell.

Prospectus – A legal document filed with the SEC containing a fund's official rules and policies. The prospectus can be obtained from a fund company through its website or by phone or mail.

Rights of reinvestment (reinstatement) – Mutual fund shareholders may reinvest their proceeds from a redemption, dividend payment or capital distribution back into the same fund or fund family without a sales charge. Investors who pay a CDSC (back-end load) may be able to recoup their sales charges by reinvesting within a specified time period.

Related accounts – To reach a breakpoint, you may be able to aggregate accounts owned by family members in the same household. Related accounts are defined differently by each fund group.

Rights of accumulation (ROA) – To reach a breakpoint, you may be able to combine new purchases with existing holdings.

Sales charge (load) – A fee paid to buy shares in a mutual fund, paid either when you purchase shares (front-end load) or sell shares (back-end load).

Share classes – Different types of shares offered by a single fund that all invest in the same portfolio of securities but have different sales charges and expenses.

Shareholder service fee – A fee paid by shareholders (part of 12b-1 fees) to cover the cost of answering investors' questions and providing information about the fund.

Statement of additional information (SAI) – Information about a fund that some investors find useful but that is not necessarily needed to make an informed investment decision. Mutual funds must provide an SAI upon request.

Risks of investing
Investing involves market risk, including the possible loss of principal. There is no guarantee that investment objectives will be achieved. Asset allocation or diversification does not guarantee a profit or protect against a loss.

Investors should carefully consider the investment objectives and risks, as well as charges and expenses of the fund, before investing. To obtain a prospectus, visit the fund company's or insurance company's website. The prospectus contains this and other information about the fund. Read the prospectus carefully before investing.

The information expressed is being provided for informational and educational purposes only. It is not intended to provide, and should not be relied on, for accounting, legal or tax advice. You should carefully consider your needs and objectives before making any decisions.

Potential conflicts of interest
Conflicts of interest will arise whenever JPMorgan Chase Bank, N.A., or any of its affiliates (together, "J.P. Morgan") have an actual or perceived economic or other incentive in its management of our clients' portfolios to act in a way that benefits J.P. Morgan. Conflicts will result, for example (to the extent the following activities are permitted in your account):

- When J.P. Morgan invests in an investment product, such as a mutual fund, structured product, separately managed account or hedge fund issued or managed by J.P. Morgan Chase Bank, N.A., or an affiliate such as J.P. Morgan Investment Management, Inc.
- When a J.P. Morgan entity obtains services, including trade execution and trade clearing, from an affiliate
- When J.P. Morgan receives payment as a result of purchasing an investment product for a client's account
- When J.P. Morgan receives payment for providing services (including shareholder servicing, recordkeeping or custody) with respect to investment products purchased for a client's portfolio

Other conflicts will result because of relationships that J.P. Morgan has with other clients or when J.P. Morgan acts for its own account.

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

As a general matter, we prefer J.P. Morgan-managed strategies. We expect the proportion of J.P. Morgan-managed strategies will be high (in fact, up to 100%) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations. Our internally managed strategies generally align well with our forward-looking views, and we are familiar with the investment processes as well as the risk and compliance philosophy of the firm. However, it is important to note that J.P. Morgan receives more overall fees when internally managed strategies are included.