JPMorgan Asset Management (JPMAM):
Conflicts of interest disclosure for corporate governance

1. Introduction

JPMAM is part of the JPMorgan Chase Group (“JPMC Group”) which is a multi-service banking group, providing to its clients all forms of banking and investment services. As a result, like any financial services group, it has or may have conflicts of interest when considering engagement and voting matters. However, the protection of JPMAM’s client interests is of primary concern and so its conflicts policy sets out how:

- JPMAM identifies circumstances which may give rise to conflicts of interest including a material risk of damage to our clients’ interests; and
- JPMAM has established and will maintain appropriate mechanisms and systems to manage those conflicts.

2. Conflicts of interest

2.1. Generally, a conflict of interest may exist between the members of the JPMC Group or its employees and its clients or between the clients themselves as a result of the intended or actual activities of the JPMC Group or its employees and which may result in detriment to clients or a group of clients.

There is a “conflict of interest” in two situations:

- first, if we are providing a service to you and, beyond that, we or another member of our JPMC Group (an “Affiliate”) may have a material interest, relationship or arrangement in the transaction or product or service; or
- second, we or an Affiliate are acting for you and for another client and your two interests materially conflict.

We have worked to identify such conflicts of interest that exist in our businesses. These include:

2.2. Conflicts principally resulting from the fact that JPMAM is a member of larger group of companies in which an affiliate may have a financial or other business interest:

- vote rights over shares in placings and/or new issues and/or corporate actions with an Affiliate who may be acting as advisor to the issuer and receiving agent’s commission or other fees or where the proceeds may be used to pay a debt to an Affiliate;
- cast proxy votes in relation to transactions in placings and/or new issues and/or corporate actions with an Affiliate who may be acting as principal or receiving agent’s commission or other fees;
- be prevented from exercising voting rights over shares which are on a banned or restricted list. Securities of issuers may be recorded on such lists where JPMAM or an affiliate may be holding non-public price sensitive information on such securities or for regulatory reasons;
- directly, or via its affiliates, receive remuneration or other benefit by reason of acting in corporate finance or similar transactions involving a company whose securities are or may be held by the Client;

2.3. Conflicts principally resulting from the fact that JPMAM has other clients:

- JPMAM or an Affiliate casts proxy votes for other clients;
- JPMAM may cast proxy votes consistent with Client(s) investment strategies which may conflict with the investment strategies of other clients of ours, and notably, individual proxy votes may differ between clients.
- JPMAM may cast proxy votes where it authority to do so. Certain clients retain such authority in certain instances which may conflict with industry or JPMAM’s recommendations;
2.4. Conflicts principally resulting from the fact that JPMAM may have an own account conflict:
   i. Employees of JPMAM may from time to time, serve as a director, advisory board member or other oversight capacity for a public or private company
   ii. we may be casting proxy votes on proprietary assets for our own account or assets of an Affiliate as well as fiduciary assets
   iii. while most frequently acting as agent, JPMAM or an Affiliate may also act as principal when carrying out investment business for a Client or any other investor;
   iv. JPMAM’s employees may invest in their own personal account in securities that are traded in Client portfolios. As a result, employees may vote for their own a/c;

2.5. Conflicts specifically relating to proxy voting and engagement on behalf of clients:
   i. JPMAM may cast proxy votes at companies, or for clients, who may be an Affiliate, or who are otherwise interested in the company at which we are voting
   ii. may be required to cast proxy votes in relation to ‘own’ funds or inhouse investment trusts
   iii. may, in certain circumstances, cast our votes differently for different portfolios at the same shareholder meeting, in order to reflect differing investment outcomes or strategies among our portfolio managers and investment processes, or for other technical reasons
   iv. we may cast proxy votes for portfolios which include seed capital or other proprietary monies
   v. we, or our clients, may participate in stocklending programs or lend stock to third parties whose investment objectives may be different to ours
   vi. during the course of engagement with company management, we may inadvertently become ‘insiders’ or privy to material non-public or price-sensitive information
   vii. we must give due regard to Takeover Panel and equivalent guidance in relation to acting in concert when entering into collective engagement activity with other investment managers

3. Management of Conflicts
   Measures adopted
   Some of the measures we have adopted to manage identified conflicts are set out below. We consider them appropriate to our efforts to take reasonable care that, in relation to each identified conflict, we act independently to avoid material risk of damage to your interests.

3.1. Policies and procedures
   We and our Affiliates have adopted policies and procedures throughout our businesses to manage conflicts of interests. These policies and procedures will be subject to our normal monitoring and review processes.

3.2. Information Barriers
   The JPMC Group has established physical and electronic Information Barriers which are designed to prevent the exchange or misuse of material, non-public information obtained by various “insider” businesses of JPMC Group. Employees within an “insider” business unit are prohibited from inappropriately passing on sensitive information to those in an “outside” business unit who cannot access the information. An Information barrier means that employees sit in separate premises with access and security control and Compliance Department monitoring.

3.3. Separation of functions
   If a business with two functions within the JPMC group would lead to conflicts of interest, it may separate the functions into two separately managed businesses or ensure that they are managed by different senior members of staff.

3.4. Wall Crossing
   The overarching principle of JPMAM is that it is considered to be a “public area” that invests and trades in securities based upon publicly available market information and, therefore, if any member of JPMAM anywhere in the world is made an “insider”, this restricts the firm globally and may not be in the interests of its clients. Employees are therefore aware of the consequences, should inside information be received, that trading for client portfolios and funds will be prohibited on a global basis. Occasionally, inside information may be received, for instance, as part of a pre-sounding for a forthcoming issue of securities; however the period for which JPMAM is an insider should be as short as possible. Before the start of any meeting or conversation this should be made clear and brokers and issuers are reminded that if they inadvertently make JPMAM “insiders”, it will be detrimental to the ongoing relationship. It is therefore a condition that, where JPMAM is made an insider, the broker (or other person) providing the information should give JPMAM the opportunity to decline before being provided with the information. Should JPMAM receive insider information, the individual(s) in receipt of such information must contact Compliance immediately. They may not share the information with anyone (not even their supervisor) and transactions in the securities of the issuer are prohibited, as well as recommendations of transactions for clients or own personal accounts. The issuer information is placed on a “Banned List” where trading activity is systematically restricted globally across the JPMAM group. These restrictions are only lifted either once the transaction has been made public, or when confirmation has been received that the information is no longer relevant.

3.5. Proxy Voting
   Where a potential material conflict of interest has been identified in relation to a proxy vote, JPMAM will call upon an independent third-party to make the voting decision, or it will contact individual clients to approve any voting decision, or may elect not to vote. Stocks placed on the banned list may not be voted.
3.6. Pay

Pay and bonuses will often be linked to the profits of the JPMC Group or the business or department in which the member of staff works without resulting in a conflict of interest. In some cases, however, there would be a conflict and so we avoid such staff payments.

3.7. Gifts and Inducements

The giving and receiving of gifts or inducements has the potential to create conflicts of interest. JPMAM employees must not solicit or provide anything of value directly or indirectly to or from anyone, except under limited circumstances, which would impair the JPMAM's duty to act in the best interest of the client.

3.8. Personal account dealing and Outside Business Activity

To prevent conflicts arising from the use of information obtained from clients, and market abuse generally, all employees are subject to personal account dealing rules. In addition, employees are required to pre-clear their outside business activities which are only permitted in limited circumstances.

3.9. Declining to Act

Where we consider that the conflict of interest cannot be managed in any other way, we may decline to act for a client.

3.10. Disclosure

Additional conflicts that are identified by JPMAM in the future will be included within appropriate mechanisms or systems in order to manage those conflicts. Where we consider that there are no other means of managing the conflict or where the measures in place do not sufficiently protect your interests, the specific conflict will be disclosed to enable you to make an informed decision whether to continue with our service in that particular situation.