

MIFID II QUALITATIVE ANALYSIS OF BEST EXECUTION

This report is published in accordance with the requirements of the Markets in Financial Instruments Directive (2014/65/EU) and associated regulatory technical standards.

J.P. Morgan International Bank Limited (**JPMIB** or the **Private Bank**) is required to meet certain obligations in relation to what is called Best Execution. Best Execution relates to the way in which we execute, place or transmit orders on our clients' behalf.

A description of the approach taken by J.P. Morgan to achieve Best Execution when executing or transmitting client orders (entitled "Best Execution Summary") is available below. The following information explains the strategies and tools used by JPMIB to effect and assess the quality of execution of transactions in the asset classes listed below.

Execution venues by asset class in 2017:

EQUITIES

1. Equities

ESMA ¹ Class of Instrument	Equities – Shares and Depository Receipts		
Notification if <1 average trade per business day in the previous year	No		
Execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total ²	Proportion of orders executed as percentage of total ³	Percentage of directed orders
J.P. Morgan Asset Management (UK) Limited 20FULDKQMC7ZL80LYR79	38.53	98.09	n/a
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	31.47	0.95	n/a
J.P. Morgan Securities LLC ZBUT11V806EZRVWT807	30.00	0.96	n/a

The execution factors which we consider and their order of importance are listed below:

1. Total consideration
2. Speed
3. Size of order
4. Nature of order
5. Likelihood of execution

1 European Securities and Markets Authority.

2 Notional amount (USD) as a percentage of total.

3 Number of client orders as a percentage of total.

2. Exchange Traded Products

ESMA Class of Instrument	Exchange Traded Products		
Notification if <1 average trade per business day in the previous year	No		
Execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
J.P. Morgan Asset Management (UK) Limited 20FULDKQMC7ZL80LYR79	83.64	95.67	n/a
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	9.61	2.77	n/a
J.P. Morgan Securities LLC ZBUT11V806EZRVTWT807	6.75	1.55	n/a

The execution factors which we consider and their order of importance are listed below:

1. Total consideration
2. Size of order
3. Speed
4. Nature of order
5. Likelihood of execution

3. Equity Derivatives – Listed Options

ESMA Class of Instrument	Equity Derivatives – Options and Futures admitted to trading on a trading venue		
Notification if <1 average trade per business day in the previous year	No		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	100	100	n/a

4. Exchange Traded Warrants

ESMA Class of Instrument	Securitized Derivatives – Warrants and Certificate Derivatives		
Notification if <1 average trade per business day in the previous year	Yes		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	100	100	n/a

The execution factors which we consider and their order of importance are listed below:

1. Total consideration
2. Speed
3. Size of order
4. Nature of order
5. Likelihood of execution

Equities, Exchange Traded Funds and Equity Derivative – Listed Options orders are transmitted to J.P. Morgan Asset Management (UK) Limited (**JPMAM**), J.P. Morgan Securities PLC (**JPMSL**) and J.P. Morgan Securities LLC (**JPMS**). In deciding to use these entities, we have considered price and cost in terms of the ability to offer the best possible outcome in terms of total consideration on a consistent basis (based on a comparison with other entities).

Total consideration is the price plus costs payable on execution. Costs include costs and expenses related to execution, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Total consideration is the most important factor and other factors will only be given precedence insofar as they are instrumental in delivering the best possible result.

JPMIB, JPMAM, JPMSL and JPMS are all ultimately owned by JPMorgan Chase & Co. Employees of the Private Bank execute orders using JPMAM, JPMSL or JPMS infrastructure on behalf of Private Bank clients. The Private Bank is able to directly compare market prices on behalf of its clients. JPMIB may select JPMAM, JPMSL or JPMS as counterparty to a given transaction, where this is the case management information is reviewed on a frequent basis to ensure that best execution is achieved.

The Transaction and Advice fee charged per transaction, which includes any fees or charges of JPMSL or JPMS, is disclosed to clients in the “J.P. Morgan Private Bank Fee Schedule”.

FIXED INCOME

5. Fixed Income

ESMA Class of Instrument	Debt Instrument Bonds		
Notification if <1 average trade per business day in the previous year	No		
Execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
J.P. Morgan Securities PLC K6Q0W1PS1L1O4IQL9C32	51.09	7.00	n/a
J.P. Morgan Asset Management (UK) Limited 20FULDKQMC7ZL80LYR79	48.26	92.88	n/a
J.P. Morgan Securities LLC ZBUT11V806EZRVTWT807	0.65	0.12	n/a

The factors which we consider and their order of importance are listed below:

1. Total consideration
2. Size of order
3. Speed
4. Likelihood of execution
5. Nature of order

Orders in Fixed Income Securities are transmitted to J.P. Morgan Asset Management (UK) Limited (**JPMAM**), J.P. Morgan Securities PLC (**JPMSL**) or J.P. Morgan Securities LLC (**JPMS**). In deciding to use these entities, we have considered price and cost in terms of the ability to offer the best possible outcome in terms of total consideration on a consistent basis (based on a comparison with other entities).

JPMIB, JPMAM, JPMSL and JPMS are all ultimately owned by JPMorgan Chase & Co. Employees of the Private Bank execute orders using JPMAM, JPMSL or JPMS infrastructure on behalf of Private Bank clients. The Private Bank is able to directly compare market prices on behalf of its clients. JPMIB may select JPMAM, JPMSL or JPMS as counterparty to a given transaction, where this is the case management information is reviewed on a frequent basis to ensure that best execution is achieved.

The Transaction and Advice fee charged per transaction, which includes any fees or charges of JPMSL or JPMS, is disclosed to clients in the "J.P. Morgan Private Bank Fee Schedule".

DERIVATIVES

6. Foreign Exchange Derivatives

ESMA Class of Instrument	Currency Derivatives - swaps, forwards and other currency derivatives		
Notification if <1 average trade per business day in the previous year	No		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
JPMorgan Chase Bank, N.A. 7H6GLXDRUGQFU57RNE97	100	100	n/a

The factors which we consider and their order of importance are listed below:

1. Total consideration
2. Speed
3. Likelihood of execution
4. Size of order
5. Nature of order

Orders in Forward Foreign Exchange Transactions are executed with JPMorgan Chase Bank, N.A. (**JPMCB**). In deciding to transact with this entity, we have considered price and cost in terms of the ability to offer the best possible outcome in terms of total consideration on a consistent basis (based on a comparison with other entities).

7. Commodity Derivatives

ESMA Class of Instrument	Commodity Derivatives		
Notification if <1 average trade per business day in the previous year	No		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
JPMorgan Chase Bank, N.A. 7H6GLXDRUGQFU57RNE97	100	100	n/a

8. Credit Derivatives

ESMA Class of Instrument	Credit Derivatives		
Notification if <1 average trade per business day in the previous year	Yes		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
JPMorgan Chase Bank, N.A. 7H6GLXDRUGQFU57RNE97	100	100	n/a

9. Equity OTC Derivatives

ESMA Class of Instrument	Equity Derivatives – swaps and other equity derivatives		
Notification if <1 average trade per business day in the previous year	No		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
JPMorgan Chase Bank, N.A. 7H6GLXDRUGQFU57RNE97	100	100	n/a

10. Interest Rate Derivatives

ESMA Class of Instrument	Interest Rate Derivatives – swaps, forwards and other IR derivatives		
Notification if <1 average trade per business day in the previous year	Yes		
Execution venue(s) ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
JPMorgan Chase Bank, N.A. 7H6GLXDRUGQFU57RNE97	100	100	n/a

The factors which we consider and their order of importance are listed below:

1. Total consideration
2. Likelihood of execution
3. Speed
4. Size of order

JPMIB and JPMCB are ultimately owned by JPMorgan Chase & Co. We consider the conflict of interest arising from using JPMCB as a single derivative counterparty on an annual basis. Given the collateral costs and credit risk premium which we would need to charge in executing with other market counterparties, we consider JPMCB to be the most effective counterparty in terms of total consideration.

The Transaction and Advice fee charged per transaction, which includes any fees or charges of JPMCB, is disclosed to clients in the “J.P. Morgan Private Bank Fee Schedule”.

STRUCTURED PRODUCTS

11. Structured Products

ESMA Class of Instrument	Structured Finance Instruments		
Notification if <1 average trade per business day in the previous year	No		
Execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total	Proportion of orders executed as percentage of total	Percentage of directed orders
J.P. Morgan Structured Products B.V XZYUUT6IYN31D9K77X08	41.54	25.13	n/a
UBS AG (Jersey Branch) BFM8T61CT2L1QCEMIK50	13.98	16.71	n/a
Royal Bank of Canada ES7IP3U3RHIGC71XBU11	13.44	18.45	n/a
BNP Paribas Arbitrage Issuance B.V. 7245009UXRIGIRYOBR48	10.31	12.17	n/a
HSBC Bank PLC MP6I5ZYZBEU3UXPYFY54	7.23	10.83	n/a

The factors which we consider and their order of importance are listed below:

1. Total consideration
2. Likelihood of execution
3. Nature of order
4. Speed
5. Size of order

Structured Products are issued by the counterparties listed in the Best Execution Summary, including J.P. Morgan Structured Products B.V. (**JPMSP**). In deciding to transact with these entities, we have considered price and cost in terms of the ability to offer the best possible outcome in terms of total consideration on a consistent basis (based on a comparison with other entities).

JPMIB and JPMSP are ultimately owned by JPMorgan Chase & Co. We manage the conflict of interest arising from using JPMSP as an Issuer of structured products, by arranging for competing quotes from other structured products issuers, where practicable.

The Transaction and Advice fee charged per transaction is disclosed to clients in the “J.P. Morgan Private Bank Fee Schedule”.

OTHER PRODUCTS (Private Equity, Hedge Funds, Mutual Funds)

There will commonly only be one method of purchasing or redeeming these instruments, for example via the manager, administrator, transfer agent or general partner of the fund. This limits the applicability of factors other than likelihood of execution and speed. Nevertheless when executing orders in these instruments internal policies and guidelines are followed to ensure efficient execution and the best possible client outcome.

Orders for J.P. Morgan Mutual Funds and Hedge Funds are executed directly with the transfer agent of the fund. Where orders are executed in Third Party Mutual Funds orders are sent to the market settlement systems for onward transmission to the fund’s transfer agent.

ALL PRODUCTS

There were no changes to JPMIB's execution arrangements in 2017.

Our execution policy does not treat different categories of clients differently. All clients therefore are treated as if they are Retail clients for the purposes of Best Execution. All execution decisions are made by a central desk who execute according to a single policy.

Over the past 12 months we have conducted in-house monitoring of Best Execution on a quarterly basis. During 2018, further consideration will be given to RTS 27 and 28 submissions from our execution venues to ensure that these in-house processes are adequate.