Customized, tax-smart Separately Managed Accounts (SMAs)

Stock portfolios combining personalization and active tax management
It’s not what you earn, it’s what you keep after taxes

After more than a decade of generally rising U.S. stock prices, many investors face large tax bills if they sell at a profit. And tax rates on those capital gains may be rising to eat away even more at investment earnings, making it more important than ever to get your money working harder and tax-smarter.

The J.P. Morgan Tax-Smart separately managed accounts (SMAs) allow you to customize a stock portfolio to your unique financial and tax needs. You get a professional team managing your investments, and our powerful tax-smart technology can help ease your tax burden. The result: Personal solutions with the potential to earn more on what you invest and keep more of what you earn.

What is a separately managed account?
Like ETFs and mutual funds, SMAs are diversified portfolios of stocks managed by investment experts. Unlike those vehicles, SMAs don’t pool your money with other investors. As the only account holder, you directly own each stock, giving you and your advisor more control over customizing portfolio holdings and managing taxes.

The J.P. Morgan Tax-Smart platform offers personalization and the potential for higher after-tax returns

Customization
Allows you to tailor your portfolio by restricting specific industry sectors, special categories and individual stocks

Tax-smart transitioning
Helps lessen the tax impact of moving your existing securities to a new portfolio using a custom transition plan

Ongoing tax management
Monitors your holdings on a daily basis for opportunities to save on taxes while keeping your portfolio on track
Customizing your SMA portfolio

Turn our portfolio into your portfolio

In addition to personalized tax management, the J.P. Morgan Tax-Smart SMAs give you a voice in how your money is invested. You start out with a diversified U.S. stock portfolio built by our investment professionals. Then, you and your advisor can decide if and how to customize the investment mix to better suit your needs.

Three ways to customize your portfolio

<table>
<thead>
<tr>
<th>Sector screens</th>
<th>Limit your exposure to specific industry sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value screens</td>
<td>Avoid certain categories based on your personal values</td>
</tr>
<tr>
<td>Stock restrictions</td>
<td>Restrict exposure to individual stocks you already own or wish to avoid</td>
</tr>
</tbody>
</table>

Is a tax-smart SMA right for me?

Consider a J.P. Morgan solution if you:

- Invest in taxable accounts
- Own investments that have gone up significantly in value
- Hold large investments in single stocks or industries – for example, company stock from your employer
- Are in a high tax bracket or concerned about rising tax rates
- Have special or sophisticated needs requiring more personal attention and customization
- Want input into which stocks you own and how they are taxed
- Can meet the higher account minimums of SMAs
Two ways we help ease your tax burden

1. Tax-smart transitions
   Reduces, defers or avoids capital gains taxes as you move your investments to an SMA.

2. Tax-loss harvesting
   Monitors your portfolio daily to take advantage of tax-saving opportunities.

Don’t let capital gains keep you from a better portfolio

In many cases, a J.P. Morgan Tax-Smart SMA may offer broader diversification, greater customization or better tax management than your current portfolio holdings. However, selling existing investments to make the switch may trigger high taxes that erode your hard-earned gains. Rather than sell everything at once, our tax-smart technology generates custom transition options so you and your advisor can balance the desired tax bill with the speed of transition to your target portfolio. The goal is to reduce, defer or completely avoid capital gains taxes to help you keep more of what you’ve already accumulated.

How it works: Customizing a flexible, tax-smart transfer to a J.P. Morgan Tax-Smart SMA

1. Analyze your current investments
   Estimate total taxes due on a full, one-time transfer

2. Create your personalized plan
   Determine percent of current holdings that can be moved immediately to meet your personal tax budget and investment needs

3. Complete the transfer over time
   Sell remaining assets when it’s most favorable, with little or no tax impact

Your advisor can generate on-demand tax transition proposals to help you compare tax outcomes and choose the right transition plan for your situation.

Case study: Save on taxes when moving to a new portfolio

($5 million in existing investments, with $1 million in unrealized gains)

<table>
<thead>
<tr>
<th>Without a tax-smart transition</th>
<th>With a tax-smart transition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer all at one time</td>
<td>Transfer rest later with little or no tax impact</td>
</tr>
<tr>
<td>One-time transfer</td>
<td>Gradual tax-efficient transfer:</td>
</tr>
<tr>
<td>Total taxes: $294,700</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

One-time transfer $294,700
Gradual tax-efficient transfer: $100,000
Total saved with J.P. Morgan tax-smart transition: $194,700

Source: J.P. Morgan Asset Management. One-time transfer assumes one-third of gains are short-term gains taxed at 40.8% and two-thirds are long-term gains taxed at 23.8%.
Put stock losses to work for you

Seeing stocks drop in value is never easy, but there is an upside to market downturns. It’s called “tax-loss harvesting,” which means selling stocks at a loss, when it makes sense, and replacing them with similar investments to keep your investment strategy intact. You and your advisor can use those losses to offset gains from other areas of your portfolio, lower your overall tax bill and increase after-tax returns.

Automated daily portfolio monitoring for better tax management

Even though stock prices rise and fall throughout the year, tax-loss harvesting is often done only at year-end, resulting in missed tax-saving opportunities. At J.P. Morgan, we use sophisticated technology to monitor your portfolio daily and identify possible losses to harvest as soon as they arise.

Why are SMAs more tax-friendly than other investments?

Because you directly own each stock in an SMA, your advisor knows the “cost basis” used to calculate gains and losses when stocks are sold. They can use this information to better control the taxes you might owe on your investments each year.
**Case Study**

How does J.P. Morgan assist my financial advisor with tax-loss harvesting?

Determining which stocks to sell at a loss, how to reinvest the proceeds and when to make trades are complex and time-consuming decisions. Our tax-smart technology gives your advisor digital tools that simplify and automate the process to help them deliver superior after-tax performance results to you.

---

**Turn negative returns into positive results with tax-loss harvesting**

You have a $100,000 investment in Stock A and the price falls by 20%

| Original value $100,000 Stock A | Stock price falls 20% | New value $80,000 Stock A |

---

**How can you turn this loss into greater value?**

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sell your $80,000 position in Stock A</td>
<td>Buy $80,000 position in Stock B</td>
<td>Save $4,760 in taxes</td>
</tr>
</tbody>
</table>

If you sell $80,000 of Stock A, you can potentially claim a tax loss of $20,000 and potentially see $4,760 in tax savings.*

Reinvest in a stock with similar characteristics to Stock A to keep your portfolio in line with your objectives.

You save $4,760 in taxes and increase your value to $84,760 while keeping your portfolio on track.

---

*Assumes a U.S. federal income tax rate of 23.8% applies to the $20,000 loss.
Choosing your tax-smart SMA

Actively managed and index-based strategies for your core stock portfolio

J.P. Morgan’s Tax-Smart SMAs invest in large, well-established U.S. companies that form the foundation of any well-diversified stock portfolio.

What is the difference between actively managed and index-based investing?

**Actively-managed SMAs** seek to outperform an index by investing only in stocks the management team considers most attractive. Your financial advisor can help you decide which approach is a better fit for you.

**Index-based SMAs** seek to closely match the diversification, risks and returns of a broad market index by investing in most or all of its stocks. Index-based investing is a proven way to gain access to a segment of the market in a cost-efficient way.

**Active**

**J.P. Morgan Tax Managed – U.S. Large Cap Leaders Strategy**
- Guided by experienced portfolio manager, backed by 20+ dedicated research analysts and 35-year stock ranking process
- Seeks to outperform S&P 500 Index by investing in 40-80 large, well-managed U.S. companies offering strong earnings growth potential with flexibility to customize portfolio holdings

**J.P. Morgan Tax-Smart – U.S. Value Strategy**
- Managed by a team of three portfolio managers with an average of 25+ years of industry experience and two dedicated research analysts, supported by the insights of the J.P. Morgan Equity organization
- Seeks to deliver a portfolio of high quality companies including those with improving fundamentals at compelling valuations, enhanced by active tax management

**Index**

**Suite of J.P. Morgan Tax-Smart Index-Based SMAs**
- Leverages 30+ years experience managing passive strategies
- Combines benefits of low-cost index investing with ongoing tax management and portfolio customization

**Our strategies**
- **Tax-Smart - U.S. Large Cap Index Strategy** tracks the S&P 500 Index utilizing approximately 350 stocks
- **Tax-Smart - U.S. Focused Large Cap Index Strategy** tracks the S&P 500 Index with a focus on 150-250 stocks
- **Tax-Smart - U.S. All Cap Index Strategy** tracks the Russell 3000 Index
- **Tax-Smart - U.S. Carbon Transition Index Strategy** tracks the JPMorgan Asset Management Carbon Transition U.S. Equity Index
- **Tax-Smart - U.S. Large-Mid Cap Index Strategy** tracks the Russell 1000 Index

For more information

Consult your financial professional to discover how easy it can be to solve your unique investment and tax needs.
Invest with J.P. Morgan’s market experts

For more than 150 years, J.P. Morgan has helped investors achieve life’s most important goals. Explore our Tax-Smart SMAs with your advisor and see for yourself why we are among the world’s largest, most respected investment managers.

Top 5
SMA provider\(^1\)  $2.4 trillion asset manager\(^2\)  $50B in index strategy assets\(^2\)  20+ year track record of managing SMA assets\(^2\)

\(^1\) Source: Cerulli Associates, as of 12/31/2022. \(^2\) Source: J.P. Morgan Asset Management, as of 12/31/2022.

Risk summary
The following risks could cause the Strategies’ portfolios to lose money or perform more poorly than other investments.

Equity Securities Risk. Investments in equity securities (such as stocks) may be more volatile and carry more risks than some other forms of investment. The price of equity securities may rise or fall because of changes in the broad market or changes in a company’s financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for a portfolio or the securities as a whole, such as changes in economic or political conditions.

Growth Investing Risk. Growth investing attempts to identify companies that the Adviser believes will experience rapid earnings growth relative to value or other types of stocks. The value of these stocks generally is much more sensitive to current or expected earnings than stocks of other types of companies. Short-term events, such as a failure to meet industry earnings expectations, can cause dramatic decreases in the growth stock price compared to other types of stock. Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value.

Disclaimer
This material is not an offer or solicitation for the purchase or sale of any financial instrument in any jurisdiction, nor is it a commitment by J.P. Morgan Asset Management or any of its subsidiaries (collectively “JPMAM”) to enter into any transaction referenced herein. All information provided by JPMAM herein is indicative, is based on certain assumptions and current market conditions and is subject to change without notice. Accordingly, no reliance should be placed on the information herein. In deciding whether to enter into any transaction or strategy referenced herein, the recipient should rely solely on the final documentation, which will contain the definitive terms and conditions relating to any referenced transaction or strategy.

These materials have been provided for illustrative purposes only and should not be relied upon by you in evaluating the merits of investing in any securities or strategies mentioned herein.

Past performance is not a guide to the future. Any forecasts, opinions and statements of financial market trends expressed are JPMAM’s own at the date of this document and may be subject to change without notice. Any research in this document has been obtained and may have been acted upon by JPMAM for its own purpose. The results of such research are being made available as additional information only and do not constitute investment advice. They do not reflect the views of JPMorgan Chase Group.

The value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yield may not be reliable guides to current and future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the product or underlying overseas investments. JPMAM makes no representation or warranty regarding the accuracy or completeness of the information herein. JPMAM is not an advisor to any person who receives information on any referenced transaction.

The recipient must make an independent assessment of legal, credit, tax, regulatory and accounting issues and determine with its own professional advisers any suitability or appropriateness implications of any transaction referenced herein in the context of its particular circumstances. JPMAM assumes no responsibility or liability whatsoever to any person in respect of such matters. JPMAM, or any connected or associated person, may hold long or short positions or derivative interest in or act as market maker in the financial instruments of any issuer referred to herein or act as underwriter, distributor, advisor or lender to any such issuer. JPMAM may conduct trading activities, including hedging, in connection with any transaction referenced herein, which may have an adverse impact on the recipient.

This material is meant to be distributed by Intermediaries where Advisory Portfolios are available.

This material is specific to the recipient and must not be distributed to any other person or replicated in any form without the prior written consent of JPMAM. Any investment or service to which this material may relate will not be made available to Retail Clients. The recipient should execute transactions through an authorized entity in its home jurisdiction unless governing law otherwise permits.

Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate, risk, nor do they imply low risk.

Issued in the United States by J.P. Morgan Investment Management Inc. If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

J.P. Morgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. and its affiliates worldwide. ©JPMorgan Chase & Co. All other marks are the property of their respective owners.

Copyright 2023 JPMorgan Chase & Co. All rights reserved.

BRO-TS-SMA | 09ba220103140923