J.P.Morgan

PRIVATE BANK

Stewardship & Purpose

CONVERSATIONS WITH THE WORLD'S WEALTHIEST FAMILIES

Stewardship & Purpose

CONVERSATIONS WITH
THE WORLD'S WEALTHIEST FAMILIES

J.P. Morgan

FOREWORD

One of our greatest honors at J.P. Morgan is the opportunity to work with some of the world's wealthiest families, many of which we have served for generations. Through the years, these valued relationships have offered deep insights into the aspirations and concerns these clients face, both in terms of how they approach managing their wealth and the impact it can have on their families.

While every family is unique, the main goals we hear time and time again are often the same: how to unite the family's members, ensure their well-being and leave a meaningful legacy behind. With this in mind, we wanted to capture how these families strive to accomplish this in their own words and present our findings in a useful, informative manner that could help benefit other high-net-worth individuals and families facing similar issues and challenges. The result of this effort is the study you see before you now, *Stewardship & Purpose: Conversations with the world's wealthiest families*.

We sincerely want to thank the principals of each family who gave so freely of their time to share their experiences and observations to help collect this research. Their knowledge, openness and forthrightness have provided an in-depth view of how they are leading their families and stewarding their wealth. We are pleased to share the findings from this research, and hope that you find it as valuable as we do.

If you would like further information on any of the themes covered in this report or would like to be connected with other families thinking about these topics, please contact your J.P. Morgan team.

Mary

Mary Erdoes
Chief Executive Officer
J.P. Morgan Asset & Wealth Management

Dave

David Frame
Chief Executive Officer
J.P. Morgan Private Bank, U.S.

Martin

Martin Marron
Chief Executive Officer
J.P. Morgan Private Bank, International

Andrew L. Cohen
Executive Chairman
J.P. Morgan Private Bank

Ben

Benjamin Hesse
Chief Operating Officer
J.P. Morgan Asset & Wealth Management

CONTENTS

INTRODUCTION 7

EXECUTIVE SUMMARY 9

ABOUT THE PRINCIPALS WHO PARTICIPATED 12

FAMILY GOVERNANCE 15

- Communication 17
- Next generation 21
- Conflict management 25

VALUES-DRIVEN IMPACT STRATEGIES 29

- Philanthropy 31
- Sustainable investing 35

INVESTMENTS 39

- Institutionalizing portfolio oversight 41
- Investment preferences 43

CONCLUSION 49

VALUED RELATIONSHIPS HAVE OFFERED DEEP INSIGHTS INTO THE ASPIRATIONS AND CONCERNS OF THE WORLD'S WEALTHIEST FAMILIES

"If you are going to unite a family, you have to unite them around shared values and vision."

We are pleased to present *Stewardship & Purpose: Conversations with the world's wealthiest families*, a research study conducted by J.P. Morgan's 23 Wall Team. This global team within J.P. Morgan Global Private Bank provides our most sophisticated clients and family offices with insights and access to the firm's expertise, capital and deal flow across all lines of business. Services range from connections to private transactions and non-traditional financing, and to introductions to other families for strategic purposes and partnerships. The team is in constant dialogue with principals and family offices to offer a useful global perspective on what the world's largest families are thinking and doing.

In this report, we take a detailed look at how the world's wealthiest families are stewarding their wealth. We conducted a series of confidential conversations with the principals of some of our most sophisticated families. Our intent was to hear directly from principals as to how they think about and approach key areas such as family governance, values-driven impact strategies and investments.

To help gather this research, we worked closely with experts from across J.P. Morgan Global Private Bank, including our Advice Lab, Wealth Advisory, Philanthropy Centre and Private Investment teams. The result was a series of broad, open-ended discussion questions designed to provide a view into these families' wealth stewardship trends, best practices and predominant concerns.

We began to conduct interviews in December 2021, completing the final meetings in July 2022. Our approach consisted of hour-long conversations with principals, rather than a traditional survey format, because we wanted to understand the nuances of families' philosophies and approaches. This offered a much fuller, personalized understanding around each family, and our report collectively draws from the many insights and anecdotes we heard. All the notes and data from these conversations were completely anonymized.

The consistent theme throughout these conversations was uniting the family by properly practicing its values and stewarding its wealth. We also found three high-level takeaways on how principals were generally trying to achieve this:

IT'S NEVER TOO EARLY TO HAVE A DISCUSSION ABOUT FAMILY GOVERNANCE

Have a conversation with your family and any important stakeholders to define your family's values, goals and priorities, and ensure you have the correct framework in place to achieve those goals for generations.

CREATE A FORMALIZED AND INSTITUTIONALIZED APPROACH TO GIVING AND SUSTAINABILITY

The expertise to do this is difficult to build quickly, and getting help from advisors and other experts can be extremely helpful.

THINK HOLISTICALLY ABOUT HOW YOUR INVESTMENT STRATEGY FITS INTO YOUR BALANCE SHEET

Because the investments world is so broad and people think about it so differently, everyone needs to have a specialized plan that experts can help create and implement.

We want to thank the principals who participated in this study, and we hope you find their insights and experiences presented in this report interesting and valuable.

An important note on charts

The charts and data throughout this report were tallied (and should be used) to identify trends that came up organically in our conversations, not as comprehensive snapshots of the views of all of the principals interviewed. For example, if a participant is not counted in a particular theme, it may just mean that the topic did not come up in that particular interview, and not that it does not apply to that family. Additionally, if a principal brought up multiple themes, they would be counted in both given many of these answers are not mutually exclusive. As a result, we encourage readers to focus more on the most frequently mentioned answers rather than the percentages alone, which may be skewed lower than actual occurrence and will not add to 100%.

We discussed wealth with the world's wealthiest. Our findings in their words.

In conversations with nearly 80 family principals across the globe, with assets across 18 different industries, we gathered knowledge surrounding their approaches to the crucial areas of *Family Governance, Values-Driven Impact Strategies* and *Investments*.

FAMILY GOVERNANCE

As a family grows larger, the need for more formal governance grows with it.

TURN TO PAGE 15

Common formal governance components include family-wide assemblies, family councils, family constitutions, committees focused on specific governance areas and education programs aimed at younger next-generation family members.

Our research focused on three main governance areas—*communication, next generation* and *conflict management*.

VALUES-DRIVEN IMPACT STRATEGIES

Giving back is no longer just a question of donating money; it is often a holistic approach shaping family charitable, business and investment decisions.

TURN TO PAGE 29

Many families are increasingly focused on applying values and missions across all of their assets and capital. Our research examined the variety of ways families actively give back to society and put values into practice, with a specific focus on philanthropy and sustainable investing.

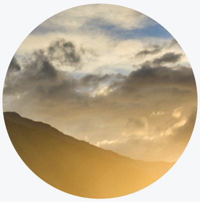
INVESTMENTS

Families tend to use family offices in highly personal ways that vary based on unique considerations, needs and objectives.

TURN TO PAGE 39

Variables include how much of their wealth is managed by the family offices, the sophistication and scope of services, and the types of investments they include in their portfolios.

While our conversations found a number of common themes, we focused on two: *institutionalizing portfolio oversight* and *investment preferences*.



CONCLUSION

The interviewed principals provided tremendous details on a wide array of topics and concerns families face.

TURN TO PAGE 49

An overarching theme is the importance placed on being good wealth stewards while also building a connected family. We also gleaned three high-level takeaways:

START EARLY WITH FAMILY GOVERNANCE

Discussing and defining values, goals and priorities sooner rather than later can help build a framework to ensure that your family remains on a strong, united path.

TAKE A BROAD APPROACH TO IMPACT STRATEGIES

Consider how to integrate your family's values and missions across various avenues of capital to help align members and inform your family's decisions.

EXPAND THE FULL POTENTIAL OF YOUR INVESTMENTS

Think holistically about how your portfolio management approaches may best serve your family's needs, in terms of returns and process, as well as opportunities to further unite.

ABOUT THE PRINCIPALS WHO PARTICIPATED

BETWEEN DECEMBER 2021 AND JULY 2022

77 principals

WERE INTERVIEWED

NUMBER OF INTERVIEWS CONDUCTED BY

region

40

North America

14

Latin America

12

Asia Pacific

11

Europe, Middle East and Africa

$374B

sum of net worth

$4.86B

average net worth

source of wealth

	COUNT	PERCENTAGE
FINANCIAL SERVICES & INVESTMENTS	13	17%
CONSUMER	11	14%
REAL ESTATE	7	9%
MANUFACTURING & INDUSTRIALS	6	8%
DIVERSIFIED	6	8%
LOGISTICS & AIRLINES	6	8%
MEDIA	4	5%
OIL & GAS	4	5%
TRAVEL & LEISURE	4	5%
AUTOMOTIVES	3	4%
HEALTHCARE	3	4%
MARKETING	2	3%
ENTREPRENEUR	2	3%
TECHNOLOGY	2	3%
ART	1	1%
COMMODITIES	1	1%
AGRIBUSINESS	1	1%
LIFE SCIENCES	1	1%
GRAND TOTAL	**77**	**100%**

"Having financial wealth with no family or community is not success."

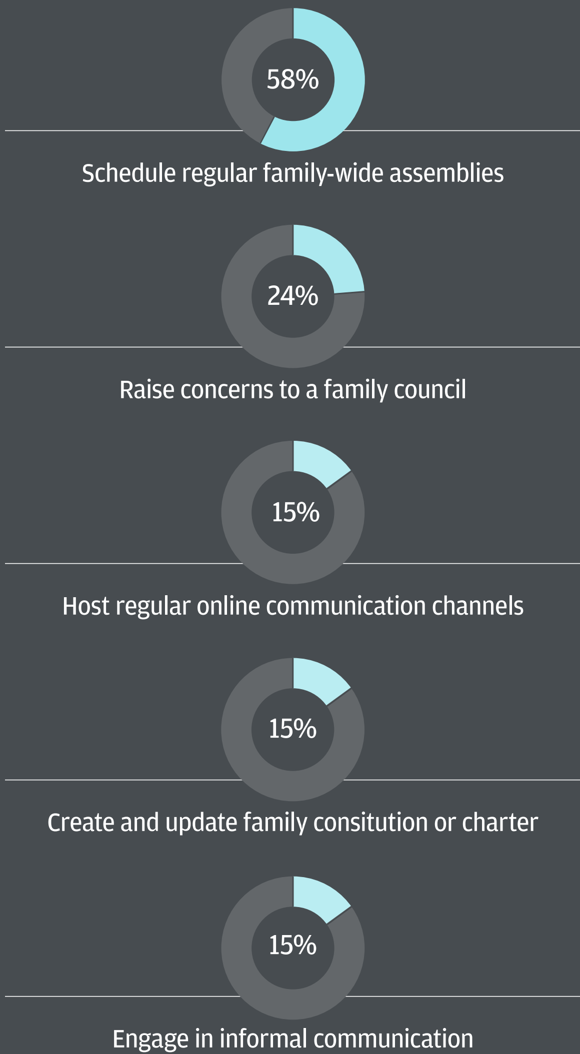
Family governance broadly refers to the structures, forums and frameworks each family utilizes to facilitate communication and decision making based on its shared values, culture and goals. Across the families, governance approaches vary in formality and scope, often shaped by family size and complexity, and how active the original wealth creator is in decision making and maintaining oversight control. Generally speaking, as a family grows larger, the need for more formal governance grows with it. Common formal governance components include family-wide assemblies, family councils, family constitutions, committees focused on specific governance areas and education programs aimed at younger next-generation family members.

Our research focused on three main governance areas—*communication, next generation* and *conflict management*—and we found a number of high-level themes across these topics. First, how individual families approach governance can be quite personal, ranging from wealth creators with younger families just beginning to think about the implications of raising their children with a materially different upbringing than they had themselves to multigenerational families with multiple family councils, consistent family meetings and independent advisors from outside the family helping to guide decision making. Regardless of their specific approaches, however, the vast majority of principals have spent at least some time thinking about and discussing the topic to determine the plan they feel is right for their families, based on its values and goals. As one principal said, "You can't align governance with the family's values and goals if those haven't been defined."

Second, it is fairly typical for different family members to have distinct roles within the family structure so that everyone feels involved and to help prevent destructive conflict. And third, unsurprisingly, conflict and family drift are more likely to arise in families with multiple generations, branches and age differentials.

FIGURE 1.1

How do you maintain active communication and trust among branches, generations and those active/non-active in the family's enterprise?



Communication

A core theme across families is a deep desire to foster effective communication that unites the family and builds stronger connections by making decision making clear and transparent. As one principal noted, “Everything we do is based off communication.” Another mentioned the risk of “communicate or litigate.” It was also common to hear that while not everyone has to be treated the same, people need to know what is happening and why.

Family-wide assemblies

By far, the most frequently mentioned way principals strive to strengthen communication and connections is through regular family gatherings that bring members together, with 58% of principals discussing periodic family meetings that are typically on a quarterly basis, but can range from monthly to semiannually or annually. These were sometimes structured around family trips, often at a family vacation home, that combined fun and quality family time with more formal communication.

Family councils

Almost one-quarter (24%) of principals discussed the importance of family councils. Council members usually consist of the original wealth creator, next-generation siblings and sometimes select third-generation participants. Many large multigenerational families also involve third parties, such as professional advisors or trusted family friends, to help with decision making and act as neutral voices that can help provide perspectives from outside the family.

Online communication channels

The useful role of online communication channels was mentioned by 15% of principals. These online channels most often are a family office website or portal for family members to access family meeting minutes, financial information or curated news articles. They tend to be used by large multigenerational families, as smaller families often live within close proximity and can rely much more on in-person communication. Additionally, online communication appears to be somewhat more frequent with next-generation family members.

Family constitutions/charters

The benefits of having a formal family constitution or charter in place to help maintain order and avoid awkward conversations were highlighted by 15% of principals. When these types of documents are put in place early, the family has direction on how to proceed with decision making if it encounters conflict or differences of opinions. Additionally, renewing and affirming these documents creates an opportunity for family members to instill values in younger generations and address any unaddressed concerns.

Common themes these documents tend to address include:

- Establishing a strong sense of family culture (e.g., “how we do things”).
- Formalizing communication structures, such as voting and third-party participation.
- Addressing conflict resolution, often by emphasizing frequent, in-person contact and shared values, such as “we discuss and debate, but we don’t argue.”

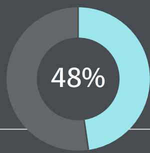
Informal communications

Informal communications such as telephone calls, email and messaging platforms like WhatsApp and iMessage were called out by 15% of principals as a way to help communicate and build bonds. Usage tends to expand as families get bigger and begin to place greater emphasis on building connections across branches. These principals found that informal communication is integral to maintaining and strengthening relationships within their families. As one next-generation member put it, “My mother didn’t know all of her cousins growing up, but I do, because we have taken the time to build these bonds.” However, these types of informal communications are rarely the primary way families communicate about investment, operating business or philanthropic activities.

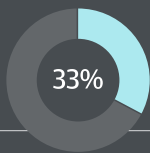
"My mother didn't know all of
her cousins growing up, but I do,
because we have taken
the time to build these bonds."

FIGURE 1.2

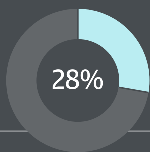
How do you encourage and equip younger family members to lead in navigating the family’s future investment decisions?



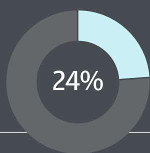
Enroll next generation in educational courses



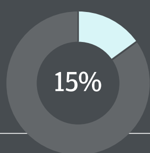
Encourage younger members to work outside of the family enterprise



Provide the opportunity to ask questions and address concerns



Share family history and lessons with younger members



Involve the youngest family members in some financial decisions

Next generation

The vast majority of principals dedicate time and resources to prepare the next generation of family members for inheriting wealth, and provide them with the tools they need to succeed. One principal made a fitting metaphor: "If they're going to inherit a Rolls-Royce, we must teach them how to drive, so that they don't crash."

Committees and forums focused on the next generation tend to focus on education, building engagement and practicing working together. Education efforts frequently include family-created programs, higher education requirements, formal training within the family office through apprenticeships, structured lessons and/or working outside of the family.

Engagement usually focuses on teaching the opportunities and responsibilities of stewardship of the family's assets and legacy, as well as helping individuals pursue their specific areas of interests. A common theme is that "we want to avoid creating a golden cage" and making "anyone feel forced into one path." In the words of one principal, "People are more likely to stay if they don't feel like they have to." Many also feel that providing the next generation with more flexible choices allows individuals to both shine and better benefit the family based on their unique strengths.

Educational courses

Almost half (48%) of principals discussed specific education requirements for their next generations. A fair number of families have specific higher education requirements, such as master's degrees or courses in economics and/or finance, in order to enter the family business or sit on family committees. A number also have created family-specific programs that, rather than being primarily financial in nature, tend to focus on how to be a good steward of the family, teaching about its values and history. As one older member put it, "We don't need our kids to know all the details of managing wealth—we can hire people to do that—but we do need them to understand how to represent the family." Third-party specialists often assist with these efforts. Though money management is not the primary focus of most of these courses, families often include sessions on how the family practices its values in its spending, investing and philanthropy.

Outside employment

One-third (33%) of principals highlighted a requirement for next-generation members to work outside the family at some point. In related research, a report by J.P. Morgan and the World Economic Forum found that 41% of families in a similar population required next-generation members to have professional experience outside the family operating business. Several principals talked about the benefits of having younger members work on their own so that they can gain the relevant skills and idea generation to implement back home. Outside employment roles frequently include independent entrepreneurship, internships/employment at other family offices, and roles in banking and investment banking. Many also encourage younger members to build mentorships, both within and beyond the family.

WE NEED OUR KIDS TO UNDERSTAND

HOW TO REPRESENT THE FAMILY

Open communication

The desire to foster a culture of openness for younger members to feel comfortable asking questions and learning about the family and its business was cited by 28% of principals. A few let children sit in on family or business meetings to help them "learn through osmosis." Across the board, these efforts are about letting younger members know there is an "open door policy."

Family history

The importance of teaching the next generation about the family's history and its lessons from successes and failures was stressed by 24% of principals to help younger members maintain their families' values, legacies and successes. Some even have books written about the family, which are used to pass along this knowledge in a consistent, clear manner once younger members reach a certain age. Updating the family history is also sometimes an activity at annual family meetings/retreats.

Disclosing family finances and business

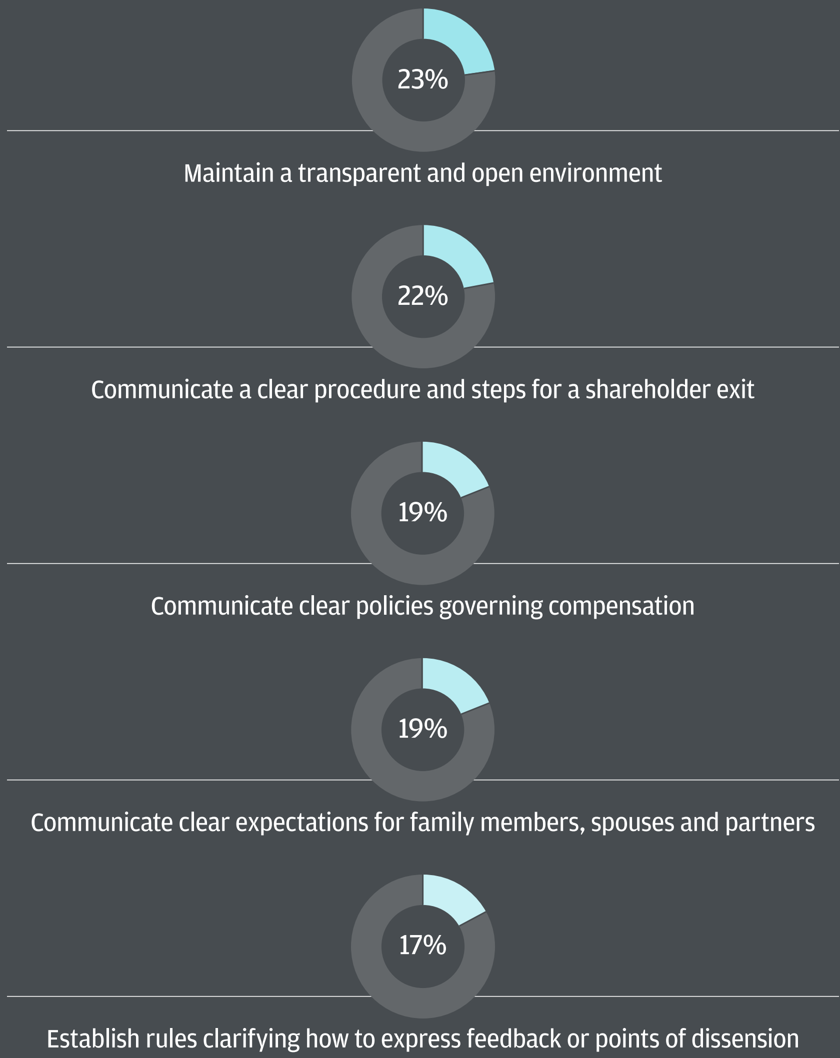
The value of disclosing financial information in a formal capacity to younger members, generally starting somewhere between the ages of 18 and 25, was noted by 15% of principals. However, this is often dependent on the individual child and/or family unit. This can include starting to involve younger family members in some financial decisions or giving children a small pool of capital for them to invest on their own. Some families encourage younger members to participate in family committees in specific areas. A small number also involve younger members in family meetings and business.

TEACHING ABOUT THE FAMILY'S HISTORY

HELPS YOUNGER MEMBERS MAINTAIN THE FAMILY'S VALUES

FIGURE 1.3

How do you mitigate and/or handle family conflict?



Conflict management

The vast majority of families believe a united family is very important, both personally and financially. Most are well aware of the dangers of destructive conflict. The key to preventing conflict is generally acknowledged to be communication and openness. As one member said, "Everyone doesn't need to be happy, but they need to be informed."

Transparency

The importance of establishing transparency and accountability was discussed by 23% of principals. As one principal summed up, "Ignorance breeds hate and disbelief." Another mentioned, "The more you share, the more open, transparent and easier it is to reflect and amend to the family's needs in a way that is relevant." Many also acknowledged the dangers of failing to create this type of transparency: "We don't want anyone to have their own myth about what is going on." Often, all family members have access to information such as minutes from family council or shareholder meetings, or financial information on investments or the operating business.

Shareholder exit procedures

Families with large portions of their wealth linked to equity ownership in one primary business often provide clear procedures for family members who want to exit as shareholders. These types of guidelines were noted by 22% of principals as useful to help manage potential conflict, and foster a culture of transparency and individual empowerment that further builds family unity. In the words of one, "People are less likely to leave if they feel that they can."

Access and expectations for various family members

Additionally, 19% of principals mentioned setting clear expectations as a useful tool to help prevent conflict. Families vary on rules in areas such as requirements to access money, access to vacation homes and personal expenses versus family office expenses. However, they were clear on what their specific expectations are. This also extends to spouses and partners. For example, do spouses have a vote in family business, do they need to sign a prenuptial agreement, and what happens in the case of divorce or if the family member they are married to passes away? Families differ drastically on these decisions based on their own values, but explicitly outlining the answers to these types of questions is often highlighted as crucial to prevent making inconsistent decisions based purely on emotions in a particular moment.

Compensation policies

The need to communicate clear compensation policies was cited by 19% of principals, primarily those with operating businesses. The trend is for family members who work in the operating business to receive compensation in line with other employees in the same types of roles, with the need to work themselves up just like anyone else. A small number of families, however, have compensation policies in place designed to encourage family members to work within the operating business.

Decision-making and dissension rules

Overall, 17% of principals cited clear decision-making and dissension rules as key to managing conflict, highlighting three primary approaches:

- They trust one family member to be the end-all decision maker.
- They have a formal voting process, the outcome of which members do not question.
- They trust each other enough to be able to come to mutual agreements.

Many prioritize consensus decision making, with some families acting only if everyone agrees. This commitment to harmony in family decisions was summed up by one principal: "Some might say that this works against us, but the unity has far more value long-term than any particular deal." It is also common to appoint independent, non-family members to help make decisions in a neutral way.

J.P. Morgan Global Private Bank can help you review, develop and implement your own family governance and family office strategy.

Including: facilitating family meetings to articulate the vision and purpose of your wealth, crafting effective strategies for communication and decision making (e.g., family council and other forums), developing a program to engage, include and prepare family members across generations, and capturing family agreements in a family constitution.

- We do this by sharing our global experience, thematic workshops, connecting you with peers, and designing and facilitating family meetings.
- We help synchronize your vision and family wealth strategy with your estate plan for your local and global family and assets. We help you consider how best to hold, protect and plan for the transfer of your assets to your family and the causes and communities you care about.

To learn more, we encourage you to contact your J.P. Morgan team.

"…unity has far more value long-term than any particular deal."

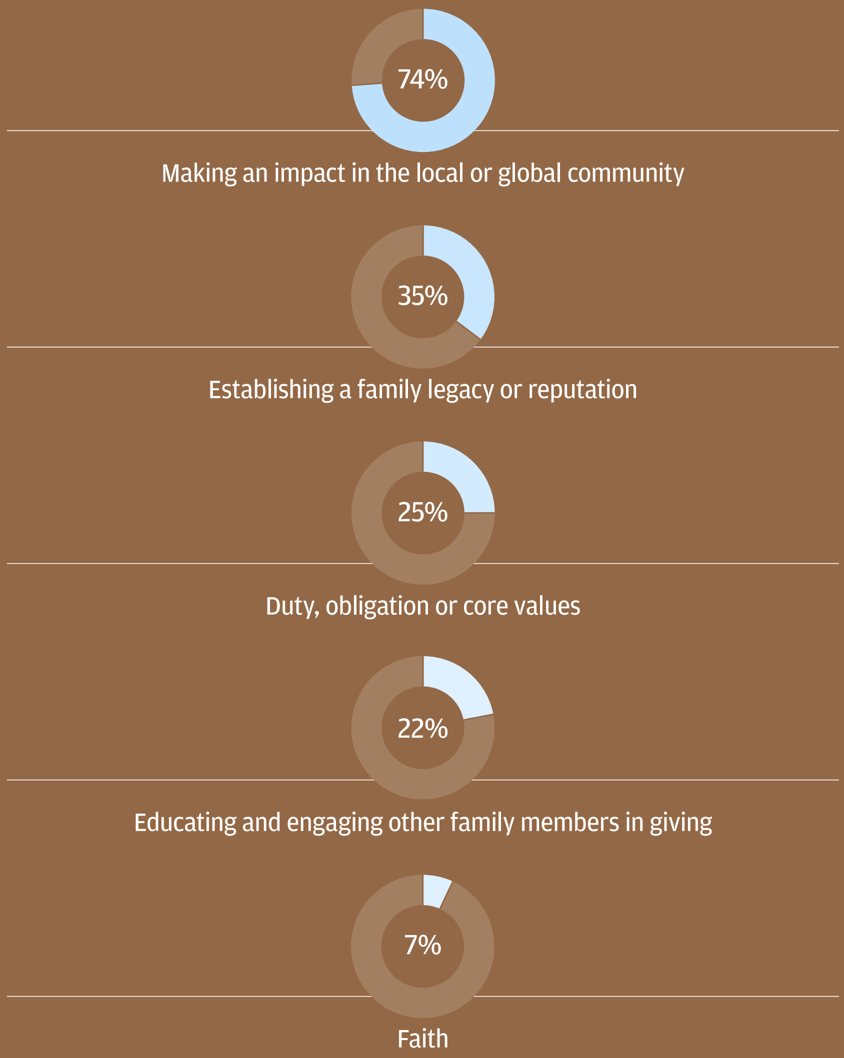
"When you can, where you can, how you can, you should give back."

Across the vast majority of families, the idea of "giving back" has long been embedded in the fabric of their family values. As one principal stated, "We have been blessed with wealth, so we have to give back."

However, giving back is no longer just a question of donating money; it is often a holistic approach that helps shape family charitable, business and investment decisions. Many families are increasingly focused on applying their families' values and missions across all of their various avenues of capital. With this in mind, our research examined the variety of ways families actively give back to society and put values into practice, with a specific focus on *philanthropy* and *sustainable investing*.

FIGURE 2.1

What are your top motivators for giving philanthropically?



Philanthropy

Philanthropy is an incredibly powerful tool that families can use to practice their values in a meaningful way. It also can offer a highly effective means for aligning a family and its wealth to its values. Well-run philanthropy can help support the family's local community, honor its history, teach younger members responsibility and engage all members across backgrounds. The key is to think about philanthropy holistically.

Family giving goals

Broadly speaking, the most frequently mentioned goal for establishing a family philanthropy is making an impact in the local or global community, with 74% of principals calling that their primary motivation.

Charitable support related to the family's history is a popular approach. Often families continue to carry on the philanthropic giving of loved ones who have passed away to honor their memories. It is fairly common for families who have immigrated to focus philanthropic efforts on their origin countries. By connecting their giving to the family's history, parents are able to teach their children about where they came from and how it has shaped who they are.

Family participation

In larger families, philanthropic efforts are often managed by a senior member other than the original wealth creator, typically a sibling or spouse. Additionally, as families expand, members naturally have differing backgrounds, experience and expertise, and philanthropy offers a way to engage those with diversified interests, such as education, health or community engagement.

Another frequently mentioned theme is the importance of keeping the family actively involved in its philanthropy even after setting up a staff-led foundation. Family foundations are typically viewed as a valuable asset for the family. Similar to their operating companies, families frequently use subject-matter experts to help educate them on particular areas of giving, and seek to bolster their boards with expertise in the space while still retaining a strong family presence, especially at the board level to maintain familial control.

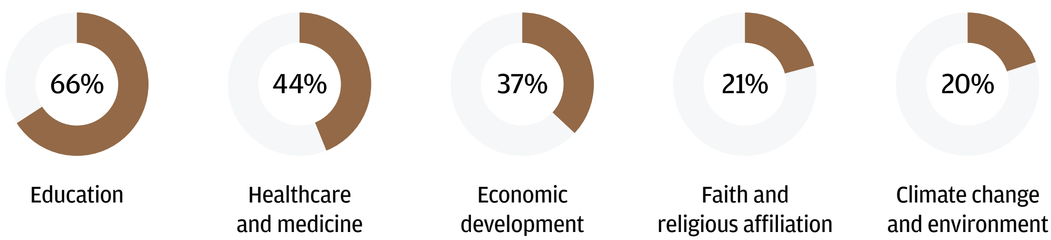
A way to engage the next generation

Philanthropy is often viewed as an effective way to get younger members more involved with the family and to teach them about money and the family's values. It also helps gauge where their personal interests may lie. A report by J.P. Morgan and the World Economic Forum cites that 33% of families from a similar population encourage next-generation members to pursue philanthropic endeavors.

However, principals voiced mixed opinions on what age next-generation members should be in regard to their involvement in family giving. Some want children included early. Others believe a high level of lived experience is important for deciding where to give money away. Generally speaking, most families stress the importance of age-appropriate engagement. In one example, a grandmother gifts all of her grandchildren a small sum of money to donate as they please. However, she requires that they first do the research into the areas they are interested in, and then go through a similar, but less intense, process the family's foundation uses to evaluate opportunities.

FIGURE 2.2

What issues are you most interested or involved in?



Causes and focus areas

The most popular charitable causes are supporting local community, education and healthcare/hospitals, with many principals noting the desire to "give to where you live." There is a large focus on education, with 66% of interviewed principals discussing education as a philanthropic focus area compared to 57% of individuals from the 2021 Wealth X Family Wealth Transfer Report. These include financial gifts to alma maters, schools attended by the family's children and community charter schools. Education is also often referred to as a "good cause with exponential benefits." In the words of one principal, "The best philanthropy is helping someone to be self-supporting."

Healthcare/medicine is a focus for 44% of interviewed principals, compared to 30% of individuals from the 2021 Wealth X Family Wealth Transfer Report. These donations frequently have a personal connection for many people, such as building a hospital or medical center in a local community to help their neighbors and, often times, their employees. Additionally, multiple principals touched on supporting specific areas of research due to family members who either have a particular medical condition or who have passed away from the disease. For example, one family with a member with severe allergies funds allergy-related immunology research. Another had lost a family member to cancer, and as a result, supports cancer research.

Faith-based giving was mentioned by 24% of principals as a way to practice their beliefs and values, as well as a way to help teach those beliefs and values to future generations. Indeed, many principals see their faith, their families' values and their communities as intertwined.

As the physical manifestations and press coverage of climate change continue to rise, more families have become focused on mitigating its effects. One-fifth (20%) of participants mentioned climate change as an important philanthropic cause. This shows the growing focus on climate change by the world's wealthiest families. Less than 2% of global philanthropic giving was dedicated to climate change mitigation in 2020. A next-generation principal who has a young child of her own stressed the importance of fighting climate change by saying, "What good will me saving for her college do if she is going to be fighting for water and food?"

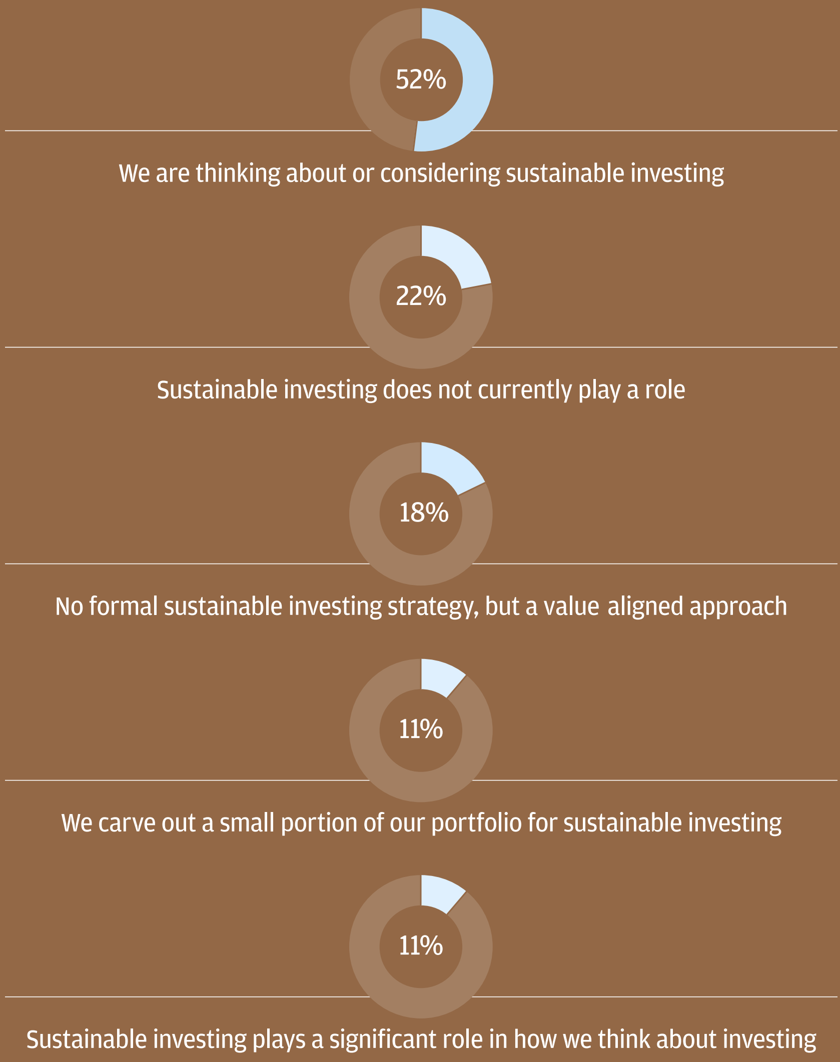
Balancing personal and family giving

Most families approach philanthropy at both a centralized and individual level. Often there is a centralized family foundation, while individual giving allows family members to have freedom to support different areas of interest. Families use centralized giving to reflect values down the generations, and individual giving to allow for members to give in line with their independent interests and expertise, often via separate structures and, perhaps, thematically different.

For example, many principals have centralized foundations that are focused on certain agreed upon themes with robust governance and decision-making rules. Additionally, family members have their own donor-advised funds they control independently. One principal highlighted how individual members are able to create their own foundations supported by the centralized back-office functions run by the family office. This offers members the freedom to support their own causes, while tapping into operational excellence for grant writing, taxes, payments and other administrative tasks.

FIGURE 2.3

What role does sustainable investing play in your portfolio?



Sustainable investing

Many principals believe they can create positive societal impacts while achieving attractive financial returns through sustainable investing. While applying environmental, social and corporate governance (ESG) criteria to investments continues to gain a growing amount of attention, principals often take a broader view on how they define sustainability, both in their investment portfolios and in their operating businesses.

An area of increasing focus

Across the population of principals, there is notable interest in sustainable investing. More than half (52%) said they were thinking about sustainable investing, 11% carve out a small portion of their portfolios, and 11% noted it played a significant role in their investing. These numbers are not surprising, given that as of May 2022, $7.6 trillion was invested in ESG funds across all asset classes.

There is a large push to formalize and institutionalize these practices, often driven by younger generations. Generally, however, members across generations tend to agree that their families make investments aligned with their values, even if that process had not been codified. This was summed up by one principal, who said, “We would never invest in a company that didn’t align with our values—that’s just not who we are.” Another emphasized, “We would never invest with a corporate board that we didn’t trust.”

A focus on values

Among families, one of the most frequent ways sustainable investing is practiced is through values-based exclusions. For example, one very devout Catholic family applied investment exclusions aligned with their religious beliefs. Another family described how its children pushed parents to pass on a deal for a firearms manufacturer, and a year later the parents pushed the children to pass on a deal for a cannabis company. Neither of the deals aligned to the full family’s values, so they collectively agreed to forgo the potential returns.

Thematic investing

Many principals are beginning to invest in sustainable and environmentally friendly industries because they like a specific company, segment and/or business idea. One family member noted their investments in solar panels. Another family that originally made its wealth in agriculture, food production and packaging has started to invest in sustainable agriculture, reusable packaging and recycling. In some instances, these investments are driven solely by the attractive economics of megatrends that happen to be sustainable and environmentally friendly, rather than by values alignment.

Sustainable investing hesitancy

Although most families expressed interest in and were actively thinking about sustainable investing applications, most have not applied a formalized ESG approach in their portfolios. One principal mentioned, “We keep reading about it as the next big thing.”

Common reasons for not yet taking action include feeling that it is too early as the segment continues to develop, concerns about greenwashing, a general lack of standardization in the space, and not knowing how to incorporate sustainable investing criteria into their portfolio allocations.

While most principals are open to the idea, a notable number (22%) are not incorporating or thinking about incorporating sustainable investing. Older generations, in particular, tend to have mixed feelings about it, while younger generations are more interested. A common concern is that “ESG can be a marketing technique.” As another put it, “You cannot chase the momentum of ESG in the moment; we want to chase what is truly sustainable.”

Sustainability in operating businesses

Even when families are not explicitly focused on sustainability in their portfolios, many are in their operating businesses. These are often business owners who are actively incorporating sustainable initiatives and standards to meet evolving industry best practices and, potentially, investor demand. Additionally, many owners apply a broader view around the sustainability benefits provided by their companies. For example, one highlighted how, "The people I'm employing are in developing countries, and I'm giving them good jobs that help enrich their lives and raise their standards of living."

J.P. Morgan Global Private Bank's in-house philanthropy experts offer thoughtful advice and innovative ideas that have helped families and individuals around the world achieve their philanthropic goals.

- We are committed to helping you enhance your philanthropic impact by offering advice, thought leadership and learning opportunities via our strategic alliances with the world's leading philanthropies.
- We believe in the power of sustainable investing, and provide innovative and flexible solutions through our sustainable investment platform to help clients meet their most meaningful goals.

To learn more, we encourage you to contact your J.P. Morgan team.

FAMILIES UTILIZE THEIR FAMILY OFFICES IN HIGHLY PERSONAL WAYS BASED ON UNIQUE CONSIDERATIONS, NEEDS AND OBJECTIVES

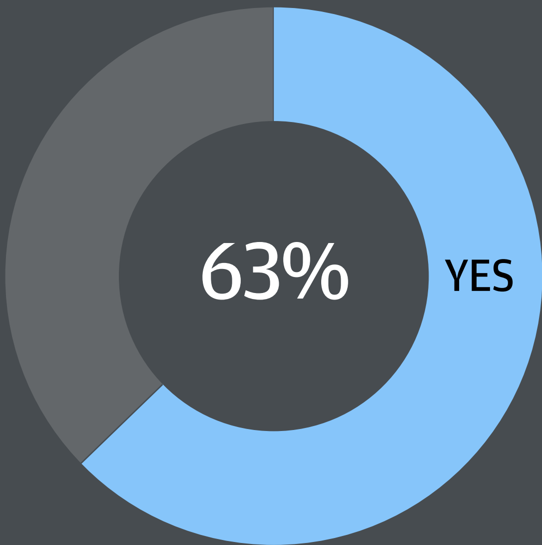
"It's about professionalizing the investment approach."

As a family grows in number of members and generations, the likelihood that it engages a third party to manage its financial assets grows as well, typically through a family office. While usually central to their wealth management strategies, families tend to utilize their family offices in highly personal ways that can vary significantly based on the families' unique considerations, needs and objectives. This can include how much of their overall wealth is managed by the family offices, the sophistication and scope of services they provide, and the types of investments they include in their portfolios.

Still, our conversations found a number of common themes across families and regions. We focused on two main areas: *institutionalizing portfolio oversight* and *investment preferences*.

FIGURE 3.1

Does your family office have a CEO/President that is separate from a CIO?



Institutionalizing portfolio oversight

Institutionalizing portfolio oversight generally focuses on whether a family office utilizes a Chief Executive Officer (CEO) and/or Chief Investment Officer (CIO) structure in its portfolio management process. A full 63% of principals indicate that their family offices have a CIO that was separate from their CEO. This is a significant increase from the 2016 J.P. Morgan and World Economic Forum report that cited only 37% of family offices had a split role.

The roles of CEOs and CIOs

Most principals note working with a family office CEO, and the importance of the role in setting a clear investment statement and providing institutionalized portfolio oversight. As one put it, "If you have a clear standard, it's easier to conduct without conflict."

Additionally, larger families with more complex portfolios often employ multiple CIOs, each focused on specific asset classes or investment types, as well as a CEO charged with providing a critical layer of oversight consistency across the entire portfolio. For example, one family has a CIO of liquid investments (i.e., traditional equities and fixed income), a CIO of real estate and a CIO of private equity. All provide a wealth of experience in their respective asset classes, and none are family members.

Families that are not working with a family office CEO tend to be smaller, with the original wealth creator often acting in the role and, depending on family size and portfolio complexity, sometimes as CIO as well. This is even more common when the wealth creator's background is in investment management. In many of these cases, the wealth creators often focus on the specific types of investing they did professionally (e.g., if they had been a venture capital investor, they often use their family wealth for venture capital).

Family involvement

While the CEO helps guide decisions, often times family members remain heavily involved, and generally retain final approval for sizeable and important investments. This structure sometimes takes the form of an investment committee that includes family members and senior members of the family office, such as the CEO and CIO(s), and acts as a governing body for significant transactions and strategic investment allocations.

FIGURE 3.2

What percentage of
your non-direct investments are invested
in passive/index strategy?

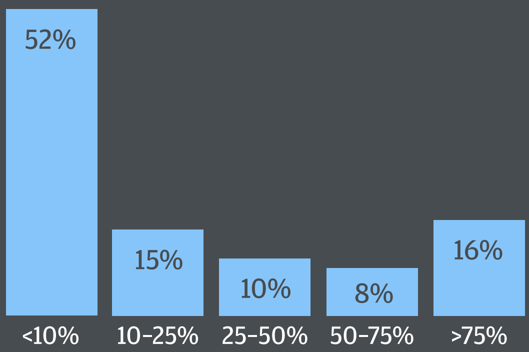
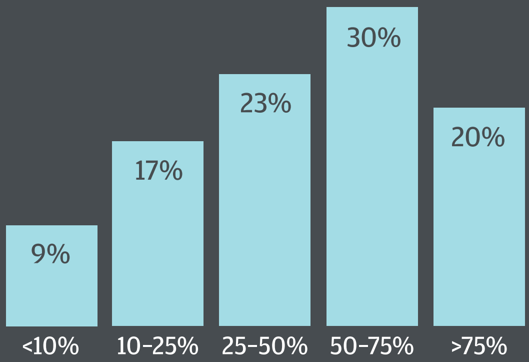


FIGURE 3.3

What portion of the
family's asset allocation is dedicated
to private investments?



Investment preferences

The types of investments principals are inclined to focus on are often shaped by factors such as family size, their sources of wealth, how much of their assets are invested in their operating businesses, and members' familiarity and expertise with specific industries and investment areas. However, two dominant themes emerge across many of the families. The first is a general comfort and willingness in paying higher investment fees for expertise that can help create added investment value over time. The second is a broad use of direct investments into private companies.

A preference for active management

Most families invest in a mix of passive and active investment strategies. However, there is a clear preference toward actively managed investments, as most families are more focused on how to unlock greater value and alpha creation in their investments, rather than how to lower fees. Broadly speaking, when passive investments are used, it is usually in highly liquid public equity markets.

Direct investment goals

Principals tend to think about their direct investment strategies in one of two ways: to create synergies or to diversify. In many cases, these investments are primarily viewed as a way to complement the principals' own operating businesses or to take advantage of their specific expertise. For example, one family in the agriculture and food business purchased a food-packaging company. There is also the case of two retired CEOs, one from healthcare and one from cybersecurity, who joined companies as advisors/board members and made investments in the businesses as well.

Other families primarily view direct investments as a way to help diversify away from their operating businesses. In the J.P. Morgan and World Economic Forum report, 39% of participants stated that their family offices strategically diversify away from the operating business. That trend continued to come up in our conversations. For example, one family in the oil and gas business only makes direct investments in healthcare companies to diversify away industry concentration. Another that owns a retailer has a strict rule not to invest in any vendors or competitors of the operating business.

Growing demand for private investments

Many principals note they have increased their focuses on private investments in recent years. This is in line with Pitchbook data citing that participation of family office/individual capital in private equity deals has grown from 134 deals and $33 billion in capital invested in 2016 to 924 deals and $167 billion in capital invested in 2021.

A good fit

Principals describe their families as good private company shareholders. They tend to take long-term views with their investments, and appreciate financial assets that do the same. They also often have experience managing successful companies, allowing them to add significant value to companies. Plus, many family offices are well positioned to assist with private investment decisions, sharing their insights and expertise in the segment, connecting families with deal flows and making other useful introductions.

A focus for next-generation members

Some families use direct private investments as a way to engage the next generation and expand their interests. The J.P. Morgan and World Economic Forum report cited that 41% of families encouraged entrepreneurial spirit by providing next-generation family members with access to capital for startups and/or direct investing. In our conversations, one principal mentioned a son interested in video games and a niece interested in sports who had sparked investment in those industries as a way to engage those family members and help them explore their interests. Another principal noted a similar situation with a daughter interested in sustainable fashion and a son interested in the auto industry.

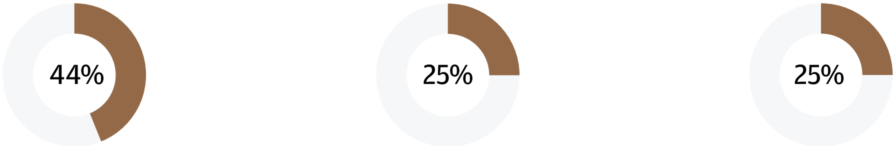
Experience matters

Many principals acknowledge that successfully investing in private companies is a difficult, time-intensive process. Several highlight the benefit of tapping into experts to focus on the full investment lifecycle when investing in direct private deals, and recommend that if a family does not want to have full-time employees, then it should completely outsource these investments. “You need an organization to invest in private markets effectively, a real team of people who do this 24/7, or you can be in over your head.”

The general advice seems to be “don’t rush it.” One principal warned, “Don’t worry about missing out on what looks to be a hot deal if you don’t yet have the necessary experience or setup—you’re much more likely to mess up than succeed.” Many families also find working with other families with more expertise in the segment to be extremely helpful.

FIGURE 3.4

In private investments, beyond just providing capital, do you prefer to be active from a governance or operational perspective?



We prefer to take an active role in the governance or operations for most or all of our investments

We prefer to be active investors in majority investments, but passive in minority investments

We prefer to be passive investors

Direct company involvement

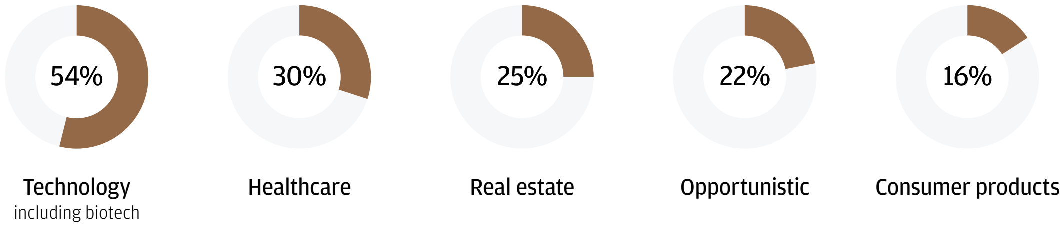
Families varied in how "hands on" they want to be in the management of the private companies they invest in, with responses ranging from "business is fun; this is all I want to do" to "I ran a business for years and now just want to sit on my boat with my wife."

Overall, 43% of principals said they prefer an active role in their direct investments. This involvement usually takes the form of governance or operational roles, such as board members or business advisors. Wealth creators and families managing an operating business are more likely to take such a role.

One-quarter (25%) of principals indicate they prefer to be passive, hands-off investors. The more removed family members are from the operating business, the more passive they tend to be in their private investments. Another determining factor is investment size and familiarity with the specific type of business, shown by the 25% of principals who said they usually expand their roles for larger investments. One principal outlined how, "We will be involved in investments in areas we know well, but we want a globally diverse portfolio, and to do that we need to outsource management to those who know what they are doing in areas outside our expertise."

FIGURE 3.5

What industries do your venture capital and growth equity investments focus in?



Where families are investing

Technology firms, including biotechnology companies, are the most popular direct investments outside of a family's core operating business, with 54% of principals saying it is their main industry of focus. This is followed by healthcare (30%), real estate (25%), an opportunistic approach (22%) and consumer products (16%).

J.P. Morgan Global Private Bank builds our investment strategy around you: your goals, your risk tolerance, your liquidity needs and your investing style.

We then use the resources and expertise of the entire firm to build a bespoke strategy for you, delivering a customized asset allocation and implementation plan, shaped around you.

- The size, scale and influence of JPMorgan Chase give you unparalleled access to strategies, services and the intellectual capital of our experienced professionals.
- Exclusive to J.P. Morgan Global Private Bank's most sophisticated clients, we have a dedicated platform that provides direct investment opportunities in private equity, direct real estate, venture capital and growth equity. To originate deals, our dedicated team closely consults J.P. Morgan's global network of professionals who specialize in private markets and emerging companies. Deals include direct investment or co-investment in a company or investment fund.

To learn more, we encourage you to contact your J.P. Morgan team.

"Money has a very poor history of building strong families."

The lessons, real-life examples and honesty of the interviewed principals provide a tremendous amount of detail on a wide array of topics and concerns facing these families. The main overarching theme from these collective insights is the importance they place on being good stewards of wealth and, even more importantly, also building a connected family.

We gleaned three high-level takeaways from our conversations:

START EARLY WHEN IT COMES TO FAMILY GOVERNANCE

Discussing and defining your family's values, goals and priorities sooner rather than later can help structure and implement a family governance framework well suited to ensure that your family remains on a strong, united path for years to come.

TAKE A BROAD APPROACH TO VALUES-DRIVEN IMPACT STRATEGIES

Consider how you may want to integrate your family's values and missions across your various avenues of capital to help align members and better inform your family's charitable, business and investment decisions.

EXPAND THE FULL POTENTIAL OF YOUR INVESTMENTS

Think holistically about how your investment strategies and broader portfolio management approaches may best serve your family's needs, in terms of returns and process, as well as opportunities to further unite.

Fortunately, families can tap into a wide range of resources and professional expertise in all of these areas. Integrating thoughtful, well-designed approaches with the guidance and assistance of trusted advisors and subject-matter experts can be extremely helpful in making sure a family's wealth unites it for generations.

We are grateful to have been able to bring you this research, and remain committed to providing innovative thought leadership. For feedback or additional information on any of the topics presented in this report, please contact your J.P. Morgan team.

ABOUT 23 WALL

Strategic advice and capital for the world's most influential families

J.P. Morgan's 23 Wall is a specialized global team that provides select families with access to the firm's intellectual capital, balance sheet and deal flow. The team engages with more than 700 families, representing over US$4.5 trillion in private capital, offering direct access to the Corporate & Investment Bank.

The name is rooted in our rich history and dates to 1871, when our firm's New York headquarters opened at 23 Wall Street in Lower Manhattan. It also reflects our commitment to working with families today as we did originally—holistically across all lines of business across the globe. Our goal is to deliver the entirety of J.P. Morgan to the world's largest families, treating them as institutions in terms of capabilities, strategic partnerships, financing and access to private deals.

IMPORTANT INFORMATION

Key Risks

This material is for informational purposes only, and may inform you of certain products and services offered by private banking businesses, part of JPMorgan Chase & Co. ("JPM"). Products and services described, as well as associated fees, charges and interest rates, are subject to change in accordance with the applicable account agreements and may differ among geographic locations. Not all products and services are offered at all locations. If you are a person with a disability and need additional support accessing this material, please contact your J.P. Morgan team or email us at accessibility.support@jpmorgan.com for assistance. **Please read all Important Information.**

Investing in alternative assets involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax-efficient and an investor should consult with their tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested. Diversification and asset allocation does not ensure a profit or protect against loss.

J.P. Morgan takes a global approach to sustainable investing, and the solutions offered through our sustainable investing platform meet our internally defined criteria for a sustainable investment. The evolving nature of sustainable finance regulations and the development of jurisdiction-specific legislation setting out the regulatory criteria for a "sustainable investment" or "ESG" investment mean that there is likely to be a degree of divergence as to the regulatory meaning of such terms. This is already the case in the European Union where, for example, under the Sustainable Finance Disclosure Regulation (EU) (2019/2088) certain criteria must be satisfied in order for a product to be classified as a "sustainable investment." Any references to "sustainable investing," "SI" or "ESG" in this material are intended as references to our internally defined criteria only and not to any jurisdiction-specific regulatory definition.

General Risks & Considerations

Any views, strategies or products discussed in this material may not be appropriate for all individuals and are subject to risks. **Investors may get back less than they invested, and past performance is not a reliable indicator of future results.** Asset allocation/diversification does not guarantee a profit or protect against loss. Nothing in this material should be relied upon in isolation for the purpose of making an investment decision. You are urged to consider carefully whether the services, products, asset classes (e.g., equities, fixed income, alternative investments, commodities, etc.) or strategies discussed are suitable to your needs. You must also consider the objectives, risks, charges, and expenses associated with an investment service, product or strategy prior to making an investment decision. For this and more complete information, including discussion of your goals/situation, contact your J.P. Morgan team.

Non-Reliance

Certain information contained in this material is believed to be reliable; however, JPM does not represent or warrant its accuracy, reliability or completeness, or accept any liability for any loss or damage (whether direct or indirect) arising out of the use of all or any part of this material. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary in this material, which are provided for illustration/ reference purposes only. The views, opinions, estimates and strategies expressed in this material constitute our judgment based on current market conditions and are subject to change without notice. JPM assumes no duty to update any information in this material in the event that such information changes. Views, opinions, estimates and strategies expressed herein may differ from those expressed by other areas of JPM, views expressed for other purposes or in other contexts, and **this material should not be regarded as a research report**. Any projected results and risks are based solely on hypothetical examples cited, and actual results and risks will vary depending on specific circumstances. Forward-looking statements should not be considered as guarantees or predictions of future events.

Nothing in this document shall be construed as giving rise to any duty of care owed to, or advisory relationship with, you or any third party. Nothing in this document shall be regarded as an offer, solicitation, recommendation or advice (whether financial, accounting, legal, tax or other) given by J.P. Morgan and/or its officers or employees, irrespective of whether or not such communication was given at your request. J.P. Morgan and its affiliates and employees do not provide tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any financial transactions.

Legal Entity, Brand & Regulatory Information
In the **United States**, bank deposit accounts and related services, such as checking, savings and bank lending, are offered by JPMorgan Chase Bank, N.A. Member FDIC.

JPMorgan Chase Bank, N.A. and its affiliates (collectively **"JPMCB"**) offer investment products, which may include bank-managed investment accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through **J.P. Morgan Securities LLC ("JPMS")**, a member of FINRA and SIPC. Annuities are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. JPMCB, JPMS and CIA are affiliated companies under the common control of JPM. Products not available in all states.

In **Germany**, this material is issued by **J.P. Morgan SE**, with its registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). In **Luxembourg**, this material is issued by **J.P. Morgan SE—Luxembourg Branch**, with registered office at European Bank and Business Centre, 6 route de Treves, L-2633, Senningerberg, Luxembourg, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—Luxembourg Branch is also supervised by the Commission de Surveillance du Secteur Financier (CSSF); registered under R.C.S Luxembourg B255938. In the **United Kingdom**, this material is issued by **J.P. Morgan SE—London Branch**, registered office at 25 Bank Street, Canary Wharf, London E14 5JP, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—London Branch is also supervised by the Financial Conduct Authority and Prudential Regulation Authority. In **Spain**, this material is distributed by **J.P. Morgan SE, Sucursal en España**, with registered office at Paseo de la Castellana, 31, 28046 Madrid, Spain, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE, Sucursal en España is also supervised by the Spanish Securities Market Commission (CNMV); registered with Bank of Spain as a branch of J.P. Morgan SE under code 1567. In **Italy**, this material is distributed by **J.P. Morgan SE—Milan Branch**, with its registered office at Via Cordusio, n.3, Milan 20123, Italy, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—Milan Branch is also supervised by Bank of Italy and the Commissione Nazionale per le Società e la Borsa (CONSOB); registered with Bank of Italy as a branch of J.P. Morgan SE under code 8076; Milan Chamber of Commerce Registered Number: REA MI 2536325. In the **Netherlands**, this material is distributed by **J.P. Morgan SE—Amsterdam Branch**, with registered office at World Trade Centre, Tower B, Strawinskylaan 1135, 1077 XX, Amsterdam, The Netherlands, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—Amsterdam Branch is also supervised by De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM) in the Netherlands. Registered with the Kamer van Koophandel as a branch of J.P. Morgan SE under registration number 72610220. In **Denmark**, this material is distributed by **J.P. Morgan SE—Copenhagen Branch, filial af J.P. Morgan SE, Tyskland**, with registered office at Kalvebod Brygge 39-41, 1560 København V, Denmark, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—Copenhagen Branch, filial af J.P. Morgan SE, Tyskland is also supervised by Finanstilsynet (Danish FSA) and is registered with Finanstilsynet as a branch of J.P. Morgan SE under code 29010. In **Sweden**, this material is distributed by **J.P. Morgan SE—Stockholm Bankfilial**, with registered office at Hamngatan 15, Stockholm, 11147, Sweden, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE—Stockholm Bankfilial is also supervised by Finansinspektionen (Swedish FSA); registered with Finansinspektionen as a branch of J.P. Morgan SE. In **France**, this material is distributed by **JPMorgan Chase Bank, N.A.—Paris Branch**, registered office at 14, Place Vendome, Paris 75001, France, registered at the Registry of the Commercial Court of Paris under number 712 041 334 and licensed by the Autorité de contrôle prudentiel et de resolution (ACPR) and supervised by the ACPR and the Autorité des Marchés Financiers. In **Switzerland**, this material is distributed by **J.P. Morgan (Suisse) SA**, with registered address at rue du Rhône, 35, 1204, Geneva, Switzerland, which is authorized and supervised by the Swiss Financial Market Supervisory Authority (FINMA) as a bank and a securities dealer in Switzerland.

This communication is an advertisement for the purposes of the Markets in Financial Instruments Directive (MIFID II) and the Swiss Financial Services Act (FINSA). Investors should not subscribe for or purchase any financial instruments referred to in this advertisement except on the basis of information contained in any applicable legal documentation, which is or shall be made available in the relevant jurisdictions (as required).

In **Hong Kong**, this material is distributed by **JPMCB, Hong Kong branch**. JPMCB, Hong Kong branch is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission of Hong Kong. In Hong Kong, we will cease to use your personal data for our marketing purposes without charge if you so request. In **Singapore**, this material is distributed by **JPMCB, Singapore branch**. JPMCB, Singapore branch is regulated by the Monetary Authority of Singapore. Dealing and advisory services and discretionary investment management services are provided to you by JPMCB, Hong Kong/Singapore branch (as notified to you). Banking and custody services are provided to you by JPMCB Singapore Branch. The contents of this document have not been reviewed by any regulatory authority in Hong Kong, Singapore or any other jurisdictions. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. For materials which constitute product advertisement under the Securities and Futures Act and the Financial Advisers Act, this advertisement has not been reviewed by the Monetary Authority of Singapore. JPMorgan Chase Bank, N.A., a national banking association chartered under the laws of the United States, and as a body corporate, its shareholder's liability is limited.

With respect to countries in **Latin America**, the distribution of this material may be restricted in certain jurisdictions. We may offer and/or sell to you securities or other financial instruments which may not be registered under, and are not the subject of a public offering under, the securities or other financial regulatory laws of your home country. Such securities or instruments are offered and/or sold to you on a private basis only. Any communication by us to you regarding such securities or instruments, including without limitation the delivery of a prospectus, term sheet or other offering document, is not intended by us as an offer to sell or a solicitation of an offer to buy any securities or instruments in any jurisdiction in which such an offer or a solicitation is unlawful. Furthermore, such securities or instruments may be subject to certain regulatory and/or contractual restrictions on subsequent transfer by you, and you are solely responsible for ascertaining and complying with such restrictions. To the extent this content makes reference to a fund, the Fund may not be publicly offered in any Latin American country, without previous registration of such fund's securities in compliance with the laws of the corresponding jurisdiction. Public offering of any security, including the shares of the Fund, without previous registration at Brazilian Securities and Exchange Commission—CVM is completely prohibited. Some products or services contained in the materials might not be currently provided by the Brazilian and Mexican platforms.

JPMorgan Chase Bank, N.A. (JPMCBNA) (ABN 43 074 112 011/AFS Licence No: 238367) is regulated by the Australian Securities and Investment Commission and the Australian Prudential Regulation Authority. Material provided by JPMCBNA in Australia is to "wholesale clients" only. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Corporations Act 2001 (Cth). Please inform us if you are not a Wholesale Client now or if you cease to be a Wholesale Client at any time in the future.

JPMS is a registered foreign company (overseas) (ARBN 109293610) incorporated in Delaware, U.S.A. Under Australian financial services licensing requirements, carrying on a financial services business in Australia requires a financial service provider, such as J.P. Morgan Securities LLC (JPMS), to hold an Australian Financial Services Licence (AFSL), unless an exemption applies. **JPMS is exempt from the requirement to hold an AFSL under the Corporations Act 2001 (Cth) (Act) in respect of financial services it provides to you, and is regulated by the SEC, FINRA and CFTC under U.S. laws, which differ from Australian laws.** Material provided by JPMS in Australia is to "wholesale clients" only. The information provided in this material is not intended to be, and must not be, distributed or passed on, directly or indirectly, to any other class of persons in Australia. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Act. Please inform us immediately if you are not a Wholesale Client now or if you cease to be a Wholesale Client at any time in the future.

This material has not been prepared specifically for Australian investors. It:

- May contain references to dollar amounts which are not Australian dollars;
- May contain financial information which is not prepared in accordance with Australian law or practices;
- May not address risks associated with investment in foreign currency denominated investments;
- Does not address Australian tax issues.

References to "J.P. Morgan" are to JPM, its subsidiaries and affiliates worldwide. "J.P. Morgan Private Bank" is the brand name for the private banking business conducted by JPM. This material is intended for your personal use and should not be circulated to or used by any other person, or duplicated for non-personal use, without our permission. If you have any questions or no longer wish to receive these communications, please contact your J.P. Morgan team.