

J.P.Morgan

PERSONAL INVESTING

Customer Investment Risks

1 Introduction

This is a summary of the risks associated with the types of investments and products you may hold with us.

These risks will vary depending on the type of products you hold with us. Either Self-Managed Products (where you may choose what to invest in), or Managed Products, where we will make investment decisions at our discretion, subject to the objectives that you have chosen.

Risks relevant to:

- All the products we offer are described in Part A
- Managed products specifically are in Part B
- Self-Managed products specifically are in Part C

This information is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed and there may be others that exist now, or which may arise in the future.

Defined terms used in this document have the meanings given to them in the J.P. Morgan Personal Investing Terms and Conditions.

Part A: Risks relevant to all of our products

2 General Risks

The main general risks associated with investing are as follows:

- Past performance is not a reliable indicator of future performance
- The value of investments may go down as well as up
- You are not certain to make a profit. You may make a loss. You may lose your entire investment
- The price or value of investments may fluctuate significantly
- If there are income distributions, they may also fluctuate significantly
- Market conditions may limit our ability to trade on your behalf and/or adversely affect the price of an asset
- Investments in non-UK markets are subject to exchange rate fluctuations

3 ETFs

- 3.1. For Managed Products, we primarily invest in Exchange Traded Funds (ETFs), although on occasion we may invest in other Exchange Traded Products (ETPs) such as Exchange Traded Commodities (ETCs). For the purposes of this document, these are collectively referred to under the term ETFs.
- 3.2. For Self-Managed Products, you may have the option to buy or sell certain ETFs, but this would be your own choice to do so.
- 3.3. We invest in ETFs listed on recognised stock exchanges in the UK (e.g. the London Stock Exchange) and overseas (e.g. the New York Stock Exchange).
- 3.4. The main risks associated with investing in ETFs are:
 - Prices of the underlying investments of the ETFs will vary according to the markets on which these are listed or traded
 - If a fund invests in assets outside the UK, changes in exchange rates can work against you. This can reduce the fund's value when measured in pounds sterling, even if the underlying investments haven't fallen in value.
 - Dividend growth is not guaranteed, nor are companies in which you invest obliged to pay dividends
 - Underlying assets may decline in value
 - ETFs on overseas markets may involve different risks to the UK
 - As with all funds, ETFs may be suspended from trading due to the closure of the underlying market or due to the winding down of the fund.

4 Fixed Interest Securities

- 4.1 For Managed Products, we may invest in fixed interest securities issued by governments, governmental bodies, quasi-governmental bodies in the UK (and overseas), UK local authorities and corporates in the UK (and overseas).
- 4.2 The main risks associated with investing in fixed interest securities are:
 - There are few recognised markets in such securities, as the trading is between the issuers, their brokers, and the banks and securities houses making a market in the securities;
 - With regard to securities in currencies other than Sterling, foreign exchange rates may move in an unfavourable direction affecting adversely the valuation of investments in base currency terms;
 - Securities issued by overseas bodies may involve different risks to the UK;
 - Capital may be lost whether or not held to maturity or in the event of default of the issuer;
 - There is a risk of capital erosion in real terms over time due to the effects of inflation; and
 - The value of fixed income securities may fall as well as rise due to market movements.

5 Collective investment schemes

- 5.1 For Managed Products, we may invest in units/shares issued by collective investment funds both in the UK and overseas, that are authorised by an approved regulator or are unauthorised.
- 5.2 For Self-Managed Products, you may have the option to buy or sell certain collective investment schemes, but it would be your own choice to do so.
- 5.3 The main risks associated with investing in collective investment funds are:
- There are no recognised markets for collective investment funds as units/shares are issued and redeemed by the managers/operators/ administrators of the funds
 - Funds may be valued for pricing and dealing purposes either daily, weekly, fortnightly, monthly or even less frequently by the managers/operators/administrators
 - Prices of the underlying investments of the funds will vary according to the markets on which these are listed or traded
 - Unregulated funds are not subject to the supervision by a regulatory body as authorised funds, and some authorised funds are subject to greater supervision than others depending on their structure
 - For funds in currencies other than pounds sterling, foreign exchange rates may move in an unfavourable direction affecting adversely the valuation of investments in base currency terms.
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6 UK and Non-UK Equities

- 6.1 For Managed Products, we may invest in equities, including investment trusts, listed on recognised stock exchanges in the UK (e.g., the London Stock Exchange) and overseas (e.g. the New York Stock Exchange).
- 6.2 For Self-Managed Products, you may have the option to buy or sell certain equities, but it would be your own choice to do so.
- 6.3 The main specific risks associated with investing in equities include:
- Dividend growth is not guaranteed, nor are companies in which you invest obliged to pay dividends
 - Companies may go bankrupt rendering the original investment valueless
 - Equity markets may decline in value
 - Corporate earnings and financial markets may be volatile
 - If there is no recognised market for equities, then these may be difficult to sell and accurate information about their value may be hard to obtain
 - Smaller company investments may be difficult to sell if there is little liquidity in the market for such equities and there may be substantial differences between the buying price and the selling price
 - Equities on overseas markets may involve different risks to the UK
 - For investments in overseas companies, foreign exchange rates may move in an unfavourable direction affecting adversely the valuation of investments in base currency terms.
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7 Investments Denominated in an Alternate Currency

- 7.1 For Managed Products, we might buy or sell investments that use a different currency than the main currency your account is set up in (i.e., the currency we use to measure your portfolio's value).
- 7.2 For Self-Managed Products, you may have the option to buy or sell investments that are priced in a different currency, but this would be your own choice to do so.
- 7.3 Exchange rate movements can independently affect how much you gain or lose on an investment. This impact can work in your favour or against you, on top of any gains or losses from the investment itself.
- Also, if you put up collateral (assets used as security) in one currency, you could be asked to top it up (a "margin call") if your obligations are in a different currency. This is a separate risk on top of the normal risk of having to top up due to changes in the value of your assets.
- Finally, some currencies cannot be freely exchanged, and there may be restrictions on converting your money into another currency or sending it back to your home country, including any profits or dividends you've earned.
- 7.4. The base currency of your Portfolio will be Sterling.
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Part B: Risks that apply to Managed Products

8 Managed Products: discretionary investment manager risk

- 8.1 For Managed products, our main service is managing your investments for you according to your own personal goals and preferences for each of your individual pots (as recorded in your account).
- This means we make decisions about what types of assets to invest in and which specific investments to pick within those categories.
- Because of this, your portfolio and its performance is unique to you. Even if another customer has a similar investment goal or approach, their portfolio may look and perform differently from yours.
- 8.2. Fully Managed, Socially Responsible Investing and Smart Alpha portfolios**
- The goal of each investment style we offer, and what kinds of investments it typically holds, is explained in your suitability report.
- Each investment style is managed according to an internal set of rules that control things like:
- How much is invested in each type of asset (e.g. shares, bonds)
 - How much the portfolio's value is expected to fluctuate (volatility)
 - How closely the portfolio tracks a benchmark (a reference index we measure performance against)
- An independent investment oversight team monitors whether these rules are being followed, and they are also

responsible for assessing how well the investments are performing.

That said, the investment team can occasionally invest outside of these rules if market conditions make it necessary, or if they get specific approval from the company's Compliance and Risk Committee.

8.3. Fixed Allocation portfolios

Fixed allocation portfolios are not actively managed. However, to make sure the risk level stays where it should be, every portfolio is checked weekly to see if the mix of investments has shifted too far from its original setup. If this is the case, the portfolio is automatically rebalanced.

8.4. Thematic Portfolios

The goal of each theme, and what kinds of investment it typically holds, is explained in your suitability report.

Each theme is managed according to an internal set of rules that control things like:

- How much is invested in each type of asset (e.g. shares, bonds)
- How much the portfolio's value is expected to fluctuate (volatility)
- How closely the portfolio tracks a benchmark (a reference index we measure performance against)

An independent investment oversight team monitors whether these rules are being followed, and they are also responsible for assessing how well the investments are performing.

The "thematic" part, i.e. the investments tied to a specific theme (such as Technological innovation, or Resource transformation) is invested through ETFs (Exchange Traded Funds) that passively track an index rather than being actively picked. These may be periodically rebalanced (adjusted) back to a target mix, as decided by the investment team.

The investment team can occasionally invest outside of these rules if market conditions make it necessary, or if they get specific approval from the company's Compliance and Risk Committee.

9 Managed Products: asset allocation

- 9.1. We have a core investment and asset allocation process and regularly check that portfolios are performing within an expected range. We measure our performance against comparable benchmarks (industry-standard reference points that help assess how well we're doing).

Your performance may differ from the average return for a chosen risk level due to the size of your portfolio, movements of cash in or out, and any changes to your risk level.

10 Managed Products: average competitor returns

10.1. Our Managed portfolios are monitored against average competitor returns derived from data based on monthly results published by Asset Risk Consultants (ARC) and Macrobond AB.

The average returns from discretionary investment managers based on risk profile are computed after fees.

10.2. Fully Managed portfolios

Average competitor returns

This performance data comes from Asset Risk Consultants (ARC), an independent organisation that collects and publishes monthly performance data from a range of professional investment managers including firms like Barclays, Coutts, UBS, Rathbones, and Rothschild. The figures are calculated after fees have been deducted.

ARC groups portfolios together by risk level, so we can compare our performance against others managing money at a similar risk level. For example:

Our risk level	ARC benchmark used	Equity risk range
3–4	Sterling Cautious	0–40%
5–6	Sterling Balanced Asset	40–60%
7–8	Sterling Steady Growth	60–80%
9–10	Sterling Equity Risk	80–120%

The “equity risk” percentage refers to how much of the portfolio’s ups and downs are driven by stock market movements. The higher the percentage, the more the portfolio behaves like the stock market.

ARC doesn’t provide comparable data for risk levels 1–2, so no benchmark comparison is available for those levels.

The underlying data is sourced from Macrobond, a financial data provider.

10.3. Fixed Allocation portfolios

Average competitor returns

This performance data comes from Asset Risk Consultants (ARC), an independent organisation that collects and publishes monthly performance data from a range of professional investment managers including firms like Barclays, Coutts, UBS, Rathbones, and Rothschild. The figures are calculated after fees have been deducted.

ARC groups portfolios together by risk level, so we can compare our performance against others managing money at a similar risk level. For example:

Our portfolio	ARC benchmark used	Equity risk range
Fixed Allocation Portfolio 2	Sterling Cautious	0–40%
Fixed Allocation Portfolio 3	Sterling Balanced Asset	40–60%
Fixed Allocation Portfolio 4	Sterling Steady Growth	60–80%
Fixed Allocation Portfolio 5	Sterling Equity Risk	80–120%

The “equity risk” percentage refers to how much of the portfolio’s ups and downs are driven by stock market movements. The higher the percentage, the more the portfolio behaves like the stock market.

ARC doesn’t provide comparable data for Fixed Allocation Portfolio 1, so no benchmark comparison is available for that portfolio.

The underlying data is sourced from Macrobond, a financial data provider.

10.4. Socially Responsible Investing (SRI) portfolios

Average competitor returns

This performance data comes from Asset Risk Consultants (ARC), an independent organisation that collects and publishes monthly performance data from a range of professional investment managers including firms like Barclays, Coutts, UBS, Rathbones, and Rothschild. The figures are calculated after fees have been deducted.

ARC groups portfolios together by risk level, so we can compare our performance against others managing money at a similar risk level. For example:

Our risk level	ARC benchmark used	Equity risk range
SRI 3–4	Sterling Cautious	0–40%
SRI 5–6	Sterling Balanced Asset	40–60%
SRI 7–8	Sterling Steady Growth	60–80%
SRI 9–10	Sterling Equity Risk	80–120%

The “equity risk” percentage refers to how much of the portfolio’s ups and downs are driven by stock market movements. The higher the percentage, the more the portfolio behaves like the stock market.

ARC doesn’t provide comparable data for SRI risk levels 1–2, so no benchmark comparison is available for those levels.

The underlying data is sourced from Macrobond, a financial data provider.

10.5. Smart Alpha portfolios

Average competitor returns

This performance data comes from Asset Risk Consultants (ARC), an independent organisation that collects and publishes monthly performance data from a range of professional investment managers including firms like Barclays, Coutts, UBS, Rathbones, and Rothschild. The figures are calculated after fees have been deducted.

ARC groups portfolios together by risk level, so we can compare our performance against others managing money at a similar risk level. For example:

Our portfolio	ARC benchmark used	Equity risk range
Smart Alpha Portfolio 2	Sterling Cautious	0–40%
Smart Alpha Portfolio 3	Sterling Balanced Asset	40–60%
Smart Alpha Portfolio 4	Sterling Steady Growth	60–80%
Smart Alpha Portfolio 5	Sterling Equity Risk	80–120%

The “equity risk” percentage refers to how much of the portfolio’s ups and downs are driven by stock market movements. The higher the percentage, the more the portfolio behaves like the stock market.

ARC doesn't provide comparable data for Smart Alpha Portfolio 1, so no benchmark comparison is available for that portfolio.

The underlying data is sourced from Macrobond, a financial data provider.

10.6. Thematic portfolios

Average competitor returns

This performance data comes from Asset Risk Consultants (ARC), an independent organisation that collects and publishes monthly performance data from a range of professional investment managers including firms like Barclays, Coutts, UBS, Rathbones, and Rothschild. The figures are calculated after fees have been deducted.

ARC groups portfolios together by risk level, so we can compare our performance against others managing money at a similar risk level. For example:

Our risk level	ARC benchmark used	Equity risk range
Thematic 5–6	Sterling Balanced Asset	40–60%
Thematic 7–8	Sterling Steady Growth	60–80%
Thematic 9–10	Sterling Equity Risk	80–120%

The “equity risk” percentage refers to how much of the portfolio's ups and downs are driven by stock market movements. The higher the percentage, the more the portfolio behaves like the stock market.

Thematic portfolios are not available for risk levels 1–4, so no benchmark comparison exists for those levels.

The underlying data is sourced from Macrobond, a financial data provider.

Part C: Risks that apply to our Self-Managed Products

11 You are responsible for your own investment decisions

11.1. You are responsible for your own investment decisions

All investments are made on an execution-only basis, meaning we simply carry out your instructions. We do not give you any advice on what to invest in, and all investment decisions are yours alone.

You should make sure you're aware of any restrictions on buying or holding your chosen investments. These could be legal restrictions, come from the company whose shares you're buying, or from other sources.

We're not required to assess the suitability for you of the Self-Managed Products or investments you choose to invest in, as we're not providing any personalised advice or recommendations to you, through our Self-Managed Investing Service.

Similarly, because of the type of investments available through our our Self-Managed Investing Service, we're not required to assess the appropriateness for you of the Self-Managed Products that you choose, the Self-Managed Eligible Investments that you decide to invest in, or any other services we provide to you in relation to our Self-Managed Investing Service.

11.2. Liquidity risk

When you want to sell an investment, your ability to do so will depend on market conditions and in particular, liquidity. This means how quickly and easily an investment can be sold without significantly affecting its price.

A highly liquid investment can usually be sold quickly, at or close to the price shown in your account or the published market price.

A less liquid investment may take longer to sell, and you might get a lower price than expected.

Investments available through the the Self-Managed Investing Service are a limited selection of shares, Investment Trusts, and ETFs listed on major stock exchanges including the New York Stock Exchange, NASDAQ, and London Stock Exchange. All of these are likely to be considered highly liquid under normal conditions.

However, in extreme market conditions, there may be no buyers, or very few buyers for a particular investment. If this happens:

- You may not be able to sell when you want to
- The investment could effectively become illiquid (very hard to sell)
- It may be difficult to get reliable information about what it's actually worth or the risks involved

If market conditions become severe enough, this could happen even with well-known, frequently traded investments like the ones available through the Self-Managed Investing Service.

11.3. Market orders

During market hours:

If you place a trade while the market is open, it will be executed almost immediately, but there is always a short delay. Our quoted prices are only indicative, meaning the actual price you get may differ slightly. During that short delay, the market could move against you.

For example, if you place an order to sell a share at our quoted price of £100, but the price drops to £97 before the trade goes through, you'll receive £3 less per share than you expected

These price movements can result in a smaller profit (or a larger loss) than anticipated. We are not responsible for any financial loss caused by these price changes.

Outside of market hours:

If you place a trade when the market is closed, you'll be shown the previous day's closing price, and your order will be executed at the best available price when the market next opens. There can be a significant difference between the two.

For example, if you place an order to buy a share at £100 (the closing price shown at 7pm), but when the market opens the next morning at 8am the best available price is £103, you'll pay £3 more per share than you expected, as long as you have enough funds in your account to cover the difference.

Please note that we may apply price tolerance limits to prevent an order from executing at a price outside set limits, where doing so would be to your disadvantage.

11.4. Foreign exchange risk for market orders

When you buy or sell investments priced in a foreign currency (for example, shares listed on the New York Stock Exchange or NASDAQ, which are priced in US Dollars), we will arrange a currency exchange at

the same time as your trade to convert between pounds sterling and the required currency.

However, due to market movements the exchange rate used may differ between the time you place your order and the time it is actually executed. This could mean you end up paying more (or receiving less) than you expected when converted back into pounds sterling.

For example, if you place an order to buy a US-listed share when the US market is closed, the price shown to you might be based on an exchange rate of £1 = \$1.13. But if by the time the trade is executed the rate has shifted to £1 = \$1.09, your pounds won't go as far. This means you'll need to spend more pounds than originally indicated to complete the purchase.

These exchange rate movements are outside our control and reflect normal fluctuations in the currency markets.

Because buying or selling a foreign currency investment involves two separate trades - one to exchange the currency, and one to buy or sell the actual investment - there is a risk that one trade completes but the other doesn't.

For example, if the investment trade goes through but the currency exchange trade fails, there could be a delay in completing the currency conversion. The longer that delay, the greater the chance that exchange rates move against you in the meantime, potentially meaning you pay more or receive less than expected.

11.5. Corporate actions

It is your responsibility to keep track of any corporate actions relating to investments you hold through the Self-Managed Investing Service. We will not routinely notify you of these, unless we are legally required to, although we may choose to do so where we can.

We are not responsible for any losses that result from you not being aware of a corporate action.

For example, if a company you hold shares in announces a rights issue (an offer that lets existing shareholders buy additional shares at a discounted price), and we don't notify you, you could miss the deadline to participate. If you later want to buy more shares, you'd have to pay the full market price which could be significantly higher than the discounted price you missed out on.

We recommend that you actively monitor any corporate actions relating to investments you hold or are considering buying through the Self-Managed Investing Service.

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PERSONAL INVESTING

J.P. Morgan Personal Investing is a digital wealth manager, offering Managed portfolios and Self-Managed investments, via ISAs, GIAs and Personal Pensions, as well as financial planning and Advice in the UK.

To learn more go to personalinvesting.jpmorgan.com

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