

J.P. MORGAN MANSART MANAGEMENT LIMITED
(Registered Number: 06420957)

Annual report for the year ended 31 December 2017

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J.P. MORGAN MANSART MANAGEMENT LIMITED
Annual report for the year ended 31 December 2017

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J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report

The directors present their strategic report of J.P. Morgan Mansart Management Limited (the "Company") for the year ended 31 December 2017.

Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968, it is a global leading financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had \$18,241,011 in assets and \$16,745,260 in total equity as of 31 December 2017.

Principal activity

The Company is an asset management company which provides risk management and strategic asset management services to clients. The Company promotes, launches and manages funds, investments and other investment solutions in line with its regulatory permissions as set by the Financial Conduct Authority ("FCA"). The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Review of business

The Company manages 26 funds (2016: 26) and 1 segregated account with assets under management ("AuM") totalling \$1,862,340,820 as of 31 December 2017 (2016: \$894,235,840). The funds are incorporated in two jurisdictions: Ireland and the Cayman Islands. The segregated account is located in Guernsey.

In the third and fourth quarter of 2016, the Company entered into two separate agreements (collectively the "backstop agreements") with J.P. Morgan Securities (Asia Pacific) Limited ("JPM HK") and J.P. Morgan Securities LLC ("JPMS LLC"). In accordance with the terms of this agreement, the Company will launch and manage funds referring to certain financial products issued, traded or created by JPM HK and JPMS LLC. Under these backstop agreements, the Company has recognized income of \$603,114 (2016: \$1,908,050) during the year.

Key performance indicators ("KPIs")

The results are monitored against expectations of the business activities. The directors monitor progress on the performance of the Company using various metrics. The primary KPIs are set out as below:

Financial performance (in USD except for return on assets and capital ratios)	2017	2016
Income statement		
Total operating income	1,813,917	2,265,797
Loss for the financial year	(1,292,322)	(470,243)
Balance sheet		
Total assets	18,241,011	18,974,597
Return on assets	-7%	-2%
Capital ratios (unaudited)		
Pillar 1 capital requirement	963,452	684,010
Common Equity Tier 1	16,745,260	18,037,582
Total Capital Ratio	139%	211%

Capital resources utilised to calculate capital ratios are inclusive of audited current year losses.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report (continued)

Income statement

The income statement for the year ended 31 December 2017 is set out on page 12. Total operating income was \$1,813,917 for 2017 (2016: \$2,265,797). The results for the Company shows a loss of \$1,292,322 for 2017 (2016: \$470,243).

Balance sheet

The balance sheet is set out on page 13. The Company has total assets and total liabilities of \$18,241,011 (2016: \$18,974,597) and \$1,495,751 (2016: \$937,015) respectively as at 31 December 2017.

Capital ratios

The Company continues to maintain strong capital ratios. Refer to Risk management section for further details.

Future outlook

On 23 June 2016, the United Kingdom ("UK") voted by referendum to leave the European Union ("Brexit"). The UK Government invoked Article 50 of the Lisbon Treaty on 29 March 2017, starting a two year period for the formal exit negotiations. This means that the UK will leave the European Union ("EU") on 29 March 2019 assuming the timeline is not unanimously extended by the remaining 27 EU Member States ("EU 27") and the UK. Formal negotiations began on 19 June 2017. In December 2017, the EU27 agreed that 'sufficient progress' had been made on the terms of the UK's withdrawal to allow parallel talks on the future relationship, which are expected to begin in March 2018.

The UK's priorities in negotiating the future relationship are to seek a bilateral free trade agreement with the EU27 that facilitates the 'greatest possible access' to the Single Market, but that the UK will not seek to continue its membership of the Single Market. The current EU position, as set out in Council negotiating directives, is that negotiations will address trade in both goods and services, with the aim of allowing market access under host state rules, but that any future framework should safeguard financial stability in the EU and respect its regulatory and supervisory regime. Formal talks on the broad set of future relationship issues are likely to begin in early April. On 23 March EU leaders confirmed that a political agreement had been reached with the UK that provisions for a 21-month transition period following Brexit to be included in the Withdrawal Agreement. The Withdrawal agreement will need to be ratified by the UK and European Parliament before the UK's official exit date of 29 March 2019.

Brexit will have significant impact across the Firm's European businesses, including business and legal entity reorganisation. However, the situation remains highly uncertain, including in relation to whether a transition period is secured and whether financial services will be included in any future free trade agreement.

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide strategy in considering a strategic post-Brexit legal entity structure.

Risk management

Risk is an inherent part of the Company's business activities. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients and customers and protects the safety and soundness of the Company.

JPMorgan Chase's and the Company's risk management framework seeks to mitigate risk and loss to the Firm and Company. The Firm has established processes and procedures intended to identify, measure, monitor, report and analyse the types of risk to which the Firm is subject. However, as with any risk management framework, there are inherent limitations to the Firm's risk management strategies because there may exist, or develop in the future, risks that the Firm has not appropriately anticipated or identified.

The Company exercises oversight through the Board of Directors which are aligned to the Firm risk management framework and regulatory requirements.

All disclosures in the Risk management section (pages 3 - 6) are unaudited unless otherwise stated.

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Strategic report (continued)

Risk management (continued)

Risk Summary

The following table summaries the risks inherent in the Company's business activities.

Risk	Definition
Economic risks	
Capital risk	The risk that the Company has an insufficient level and composition of capital to support the Company's business activities, and associated risks during normal economic environments and stressed conditions.
Liquidity risk	The risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.
Non-U.S. dollar Foreign Exchange ("FX") risk	Non-U.S. dollar FX risk is the risk that changes in foreign exchange rates affect the value of the Company's assets or liabilities or future results.
Other core risks	
Compliance risk	The risk of failure to comply with applicable laws, rules and regulations.
Operational risk	The risk associated with inadequate or failed internal processes, people or systems, or from external events.
Reputation risk	The potential that an action, inaction, transaction, investment or event will reduce trust in the Company and the Firm's integrity or competence by our various constituents, including clients, counterparties, regulators, employees and the broader public.

Credit risk is the risk of loss arising from the default of a customer, client or counterparty. The Company's credit risk arises on default of management fee receivables.

Market risk is the risk of loss arising from potential adverse changes in the value of the Company's assets or liabilities or future results, resulting from changes in market variables.

Due to the straightforward nature of the business activity conducted in the Company, the directors do not consider credit risk and market risk to be material or significant. These risks are monitored as part of the Firm's risk management procedures.

An overview of the key aspects of risk management is provided below. A detailed description of the policies and processes adopted by the Firm may be found within the JPMorgan Chase & Co. 2017 Annual Report on Form 10-K.

Capital risk (audited)

Capital risk is the risk the Company has an insufficient level and composition of capital to support the Company's business activities and associated risks during both normal economic environments and under stressed conditions.

Accordingly, its Capital Management Framework is designed to ensure that the Company is strongly capitalised at all times in relation to:

- Minimum risk-based regulatory capital requirements (Pillar 1 capital under CRD IV^(a) plus Pillar 2/Individual Capital Guidance ("ICG") set by the FCA and relevant CRD IV buffers);
- Minimum leverage requirements^(b) (calculated per the final rules in the Capital Requirements Regulation ("CRR") post the delegated act (October 2014));
- The risks faced by the entities, through regular comparisons of regulatory and internal capital requirements; and
- Senior management's risk appetite expressed, for example, through the application of an internal capital buffer and preferred minimum capital ratios above those prescribed in regulation

The framework used to manage capital within the Company is based around a regular cycle of point-in-time capital calculations and reporting, supplemented by forward-looking projections and stress-testing, with corrective action taken as and when required to maintain an appropriate level of capitalisation. Each part of the process is subject to rigorous control. Escalation of issues is driven by a framework of specific triggers, set in terms of capital and leverage ratios, movements in those ratios and other measures.

Through the quarterly Internal Capital Adequacy Assessment Process ("ICAAP"), the Company ensures that it is adequately capitalised in relation to its risk profile and appetite, not only as at the ICAAP date, but through the economic cycle and under a range of severe but plausible stress scenarios. The annual 'Reverse stress testing' exercise is used to identify potential, extreme scenarios which might threaten the viability of the Company's business model, so that any required mitigation can be put in place.

^(a) CRD IV implemented Basel III in the EU, and came into force on 1 January 2014.

^(b) Disclosure requirement applicable from 1 January 2015.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report (continued)

Risk management (continued)

Capital risk (Capital risk continued)

The composition of capital of the Company as at 31 December 2017 and 2016 is as follows. All tiers of capital are shown net of applicable deductions.

31 December	2017	2016
	\$	\$
Common Equity Tier 1 (Equity share capital and reserves)	16,745,260	18,037,582
Total capital resources	16,745,260	18,037,582
Pillar 1 Capital Requirement (unaudited)	963,452	684,010
Excess of total capital resources over Pillar 1 capital requirements (unaudited)	15,781,808	17,353,572
Pillar 1 capital ratio (unaudited)	139%	211%

As of 31 December 2017 and 2016, the Company was adequately capitalised and met all external capital requirements (unaudited).

Capital resources utilised to calculate capital ratios are inclusive of audited current year losses.

Additionally, the Fixed Overheads requirement included within the Pillar 1 Capital Requirement has been recalculated to incorporate current year relevant expenditure.

Company information is included as part of the Pillar 3 disclosures and are made available on the Firm's website in accordance with Part Eight of the European Capital Requirements Regulation. These are published on an annual basis or more frequently where the Firm has assessed a further need to do so under the guidelines (EBA GL2014/14) set out by the European Banking Authority. These disclosures are not subject to external audit.

Liquidity risk (audited)

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The Company is locally subject to the FCA liquidity regulations. The key elements of the regulations are to ensure the Company has adequate liquidity and self-sufficiency of liquidity resources and that it has systems and controls in place to monitor this. The Company's funding strategy is intended to ensure that it will have sufficient liquidity and diversity of funding sources necessary to enable it to meet actual and contingent financial liabilities during both normal and stress periods.

Management considers the Company's liquidity position as strong and the directors do not consider that the Company is exposed to significant liquidity risk.

Non-U.S. dollar foreign exchange ("FX") risk

The Company's functional and presentation currency is U.S. dollar. Non-U.S. dollar FX risk is the risk that changes in foreign exchange rates affect the value of the Company's assets or liabilities or future results.

The Company does have mismatches between the currency in which Risk Weighted Assets ("RWAs") are denominated and the functional currency (U.S. dollar). This means that changes in FX rates can impact the capital ratios of the Company. The Non-U.S. dollar FX risk is managed through the stress testing program which is an important component in managing structural FX risk, testing the Company and Firm's financial resilience in a range of severe economic and market conditions.

Compliance risk

Compliance risk is the risk of failure to comply with applicable laws, rules and regulations.

Each line of business and functions within the Company are accountable for managing its compliance risk. The Firm's Compliance Organisation ("Compliance"), which is independent of the line of business, works closely with senior management to provide independent review, monitoring and oversight of business operations with a focus on compliance with regulatory obligations applicable to the offering of the Firm's products and services to clients and customers.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report (continued)

Risk management (continued)

Compliance risk (continued)

These compliance risks relate to a wide variety of legal and regulatory obligations, depending on the line of business ("LOB") and the jurisdiction, and include those related to products and services, relationships and interactions with clients and customers, and employee activities. For example, compliance risks include those associated with anti-money laundering compliance, trading activities, market conduct, and complying with the rules and regulations related to the offering of products and services across jurisdictional borders, among others.

Other functions such as Finance (including Tax), Technology and Human Resources provide oversight of significant regulatory obligations that are specific to their respective areas of responsibility.

Compliance implements various practices designed to identify and mitigate compliance risk by establishing policies, testing, monitoring, training and providing guidance. In recent years, the Firm has experienced heightened scrutiny by its regulators of its compliance with regulations, and with respect to its controls and operational processes. The Firm expects that such regulatory scrutiny will continue.

Governance and oversight

Compliance is led by the Firms' Chief Compliance Officer ("CCO") who reports to the Firm's CRO. The regional CCOs, including the EMEA CCO, are part of this structure.

The Firm maintains oversight and coordination of its Compliance Risk Management practices through the Firm's CCO, lines of business CCOs and regional CCOs who implement the Compliance program globally across the lines of business and regions. At a Company level, in the UK the regional CCO is a member of the UK Management Committee (restructured from January 2018 to form the EMEA Management Committee) and the UK Audit & Compliance Committee.

The Firm has in place a Code of Conduct (the "Code") which applies to the Company. Each employee is given annual training in respect of the Code and is required annually to affirm his or her compliance with the Code. The Code sets forth the Firm's core principles and fundamental values, including that no employee should ever sacrifice integrity - or give the impression that he or she has. The Code requires prompt reporting of any known or suspected violation of the Code, any internal Firm policy, or any law or regulation applicable to the Firm's business. It also requires the reporting of any illegal conduct, or conduct that violates the underlying principles of the Code, by any of the Firm's employees, customers, suppliers, contract workers, business partners, or agents. Specified employees are specially trained and designated as "code specialists" who act as a resource to employees on Code matters. In addition, concerns may be reported anonymously and the Firm prohibits retaliation against employees for the good faith reporting of any actual or suspected violations of the Code. The Code and the associated employee compliance program are focused on the regular assessment of certain key aspects of the Firm's culture and conduct initiatives.

Operational risk

Operational risk is the risk associated with inadequate or failed internal processes, people and systems, or from external events; operational risk includes cybersecurity risk, business and technology resiliency risk, payment fraud risk, and third-party outsourcing risk.

Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate employee behavior, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damages to the Company. The goal is to keep operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

Risk management

To monitor and control operational risk, the Firm has an Operational Risk Management Framework ("ORMF") which is designed to enable the Firm to maintain a sound and well-controlled operational environment. The ORMF has four main components: Governance, Risk Identification and Assessment, Measurement, and Monitoring and Reporting. The Company's approach mirrors the Firmwide approach.

Risks such as Compliance risk as well as other operational risks, can lead to losses which are captured through the Firm's operational risk measurement processes. More information on these risk categories can be found in the respective risk management sections. Details on cybersecurity risk is provided below.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report (continued)

Operational management (continued)

Cybersecurity risk

Cybersecurity risk is an important, continuous and evolving focus for the Firm and Company. The Firm and Company devotes significant resources to protecting and continuing to improve the security of the Firm and Company's computer systems, software, networks and other technology assets. These security efforts are intended to protect against, among other things, cybersecurity attacks by unauthorised parties to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. The Firm continues to make significant investments in enhancing its cyberdefense capabilities and to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses in order to understand the full spectrum of cybersecurity risks in the operating environment, enhance defenses and improve resiliency against cybersecurity threats. The Firm actively participates in discussions of cybersecurity risks with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and clients on the topic.

Third parties with which the Company does business or that facilitate the Company's business activities (e.g. vendors) could also be sources of cybersecurity risk to the Company. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks could affect their ability to deliver a product or service to the Company or result in lost or compromised information of the Company or its clients. Clients can also be sources of cybersecurity risk to the Company, particularly when their activities and systems are beyond the Company's own security and control systems. As a result, the Company engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents are due to client failure to maintain the security of their own systems and processes, clients will generally be responsible for losses incurred.

To protect the confidentiality, integrity and availability of the Firm and Company's infrastructure, resources and information, the Firm leverages the ORMF to ensure risks are identified and managed within defined corporate tolerances. The Firm's Board of Directors and the Audit Committee are regularly briefed on the Firm's cybersecurity policies and practices and ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events.

Third-party outsourcing risk

To identify and manage the operational risk inherent in its outsourcing activities, the Firm has a Third-Party Oversight ("TPO") framework to assist lines of business and corporate functions in selecting, documenting, onboarding, monitoring and managing their supplier relationships. The objective of the TPO framework is to hold third parties to the same high level of operational performance as is expected of the Firm's internal operations. The Corporate Third-Party Oversight group is responsible for Firmwide TPO training, monitoring, reporting and standards.

Reputation risk

Reputation risk is the potential that an action, inaction, transaction, investment or event will reduce trust in the Company's integrity or competence by our various constituents, including clients, counterparties, regulators, employees and the broader public.

Risk management

Maintaining the Company's reputation is the responsibility of each individual employee. The Firm's Reputation Risk Governance policy explicitly vests each employee with the responsibility to consider the reputation of the Firm when engaging in any activity. Because the types of events that could harm the Firm's reputation are so varied across the Firm's LOB, each LOB has a separate reputation risk governance infrastructure in place, which consists of three key elements: clear, documented escalation criteria appropriate to the business; a designated primary discussion forum - in most cases, one or more dedicated reputation risk committees; and a list of designated contacts, to whom questions relating to reputation risk should be referred. Any matter giving rise to reputation risk that originates in a corporate function is required to be escalated directly to Firmwide Reputation Risk Governance ("FRRG") or to the relevant Risk Committee. LOB reputation risk governance is overseen by a Firmwide Reputation Risk Governance function, which provides oversight of the governance infrastructure and process to support the consistent identification, escalation, management and monitoring of reputation risk issues Firmwide.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Strategic report (continued)

Corporate employee policy

It is the policy of the Company to ensure equal opportunity for all persons without discrimination on the basis of race, colour, religion, sex, national origin, age, handicap, veteran status, marital status, sexual orientation or any other basis. This policy of equal opportunity applies to all employment practices including, but not limited to recruiting, hiring, promotion, training and compensation.

Where existing employees become disabled, it is the Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate. With the aim of ensuring that views are taken into account when decisions are made employee consultation has continued at all levels where it is likely to affect their interests.

All employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the intranet and other forums. JPMorgan Chase Bank, N.A. operates an employee share scheme for all employees of JPMorgan Chase & Co. and its subsidiaries, to acquire a proprietary and vested interest in the growth and performance of the Firm.

On behalf of the Board



Matthew Melling
Director

Date: 25/04/2018

London

J.P. MORGAN MANSART MANAGEMENT LIMITED

Directors' report

The directors present their report and the audited financial statements of J.P. Morgan Mansart Management Limited (the "Company") for the year ended 31 December 2017. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The registered number of the Company is 06420957.

Results and dividends

The results for the year are set out on page 12 and show the Company's loss for the financial year after taxation to be \$1,292,322 (2016: \$470,243).

No dividend was paid or proposed during the year (2016: \$nil).

Other matters

HM Treasury transposed the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013, that was effective 1 January 2014. The legislation requires the Company to publish additional information, in respect of the year ended 31 December 2017, by 31 December 2018. The disclosures that are required to be published in relation to these regulations are available on the Firm's website: <http://investor.shareholder.com/jpmorganchase>.

Information on the future outlook and corporate employee policy is included in the Strategic report.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

D. Braithwait
M.P. Melling
S. Sadique

Directors' interests

None of the directors held any beneficial interest in the Company. The Company is a subsidiary of a company incorporated outside England and Wales. The ultimate holding company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Directors' report (continued)

Disclosure of information to auditors

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Qualifying third party indemnity provisions

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co is available at the registered office address of the Company.

Company secretary

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England and Wales

Independent auditors

Resolutions to reappoint PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the directors to set the auditors' remuneration will be proposed at the annual general meeting.

On behalf of the Board



Matthew Melling
Director

Date: 25/04/2018

London

Independent auditors' report to the members of J.P. Morgan Mansart Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, J.P. Morgan Mansart Management Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report for the year ended 31 December 2017 (the "Annual Report"), which comprise: the Balance sheet; the Income statement, the Statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of J.P. Morgan Mansart Management Limited (continued)

Reporting on other information (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

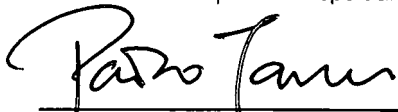
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Pablo Taure (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London 25 April 2018

J.P. MORGAN MANSART MANAGEMENT LIMITED

Income statement

Year ended 31 December		2017	2016
	Notes	\$	\$
Operating income	6	1,813,917	2,265,797
Administrative expenses	9	(3,108,726)	(2,654,788)
Other income/(expense)	7	2,487	(81,252)
Loss before income tax	8	(1,292,322)	(470,243)
Income tax	9	—	—
Loss for the financial year		(1,292,322)	(470,243)

There were no other items of comprehensive income or expense and therefore, no statement of comprehensive income or expense has been separately presented.

The notes on pages 15 - 20 form an integral part of these financial statements.

J.P. MORGAN MANSART MANAGEMENT LIMITED**Balance sheet**

31 December		2017	2016
	Notes	\$	\$
Current assets			
Debtors	11	1,236,755	492,606
Cash and cash equivalent	12	17,004,256	18,481,991
		18,241,011	18,974,597
Current liabilities			
Creditors: amounts falling due within one year	13	(1,495,751)	(937,015)
Net current assets		16,745,260	18,037,582
Net assets		16,745,260	18,037,582
Equity			
Called-up share capital	14	25,000,002	25,000,002
Other reserves		34,864	34,864
Accumulated losses		(8,289,606)	(6,997,284)
Total equity		16,745,260	18,037,582

The notes on pages 15 - 20 form an integral part of these financial statements.

The financial statements on pages 12 - 20 were approved by the Board of Directors on 24/04/18 and signed on its behalf by:



Matthew Melling
Director

Date: 25/04/2018

J.P. MORGAN MANSART MANAGEMENT LIMITED
Statement of changes in equity

	Called-up share capital	Other reserves	Accumulated losses	Total equity
Notes	\$	\$	\$	\$
Balance as at 1 January 2016	25,000,002	34,864	(6,527,041)	18,507,825
Loss for the financial year	—	—	(470,243)	(470,243)
Balance as at 31 December 2016	25,000,002	34,864	(6,997,284)	18,037,582
Loss for the financial year	—	—	(1,292,322)	(1,292,322)
Balance as at 31 December 2017	25,000,002	34,864	(8,289,606)	16,745,260

Other reserves relate to share based payment awards granted to employees by the Company.

The notes on pages 15 - 20 form an integral part of these financial statements.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements

1. General information

The Company is a private limited company incorporated and domiciled in England and Wales. The Company's immediate parent undertaking is The Bear Stearns Companies LLC, incorporated in the state of Delaware of the United States of America ("U.S.") The Company's ultimate parent undertaking, and the parent undertaking of the only group in which the results of the Company are consolidated, is JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"), which is incorporated in the state of Delaware in the U.S. The consolidated financial statements of the Firm can be obtained from the Company's registered office at 25 Bank Street, Canary Wharf, London, E14 5JP, England and Wales.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") with reduced disclosures.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Certain share based payment disclosures in respect of Group equity instruments (IFRS 2, 'Share-based payment' paragraphs 45(b) and 46 to 52);
- Comparative information disclosures (paragraph 38 of IAS 1, 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance to IFRS (paragraph 16, IAS 1);
- Cash flow statement and related notes (IAS 7 Cash flow statements);
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned group undertakings (IAS 24);

3. Critical accounting estimates and judgements

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of Company's business and balances, no significant accounting estimates or judgements were required in preparation of these financial statements.

4. Significant accounting policies

The following are principal accounting policies applied in the preparation of these financial statements. These policies have been applied consistently to all the years presented, unless otherwise stated.

4.1 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into United States ("U.S.") dollars at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into U.S. dollars at the exchange rate ruling at the date of the transaction.

4.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). U.S. dollars is considered as the functional and presentation currency of the Company.

4.3 Income and expense recognition

Fees and commissions are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements (continued)

4. Significant accounting policies (continued)

4.4 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the financial statements; however disclosure is made unless the probability of settlement is remote.

4.5 Pensions and other post-retirement benefits

The Company operates a defined contribution scheme for its employees.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an expense and charged to the income statement on an accrual basis.

4.6 Share-based payment awards

Share-based payment awards may be made to employees of the Company under the Firm's incentive awards schemes. The fair value of any such shares, rights to shares or share options is measured when the conditional award is made. This value is recognised as the compensation expense to the Company over the period to which the performance criteria relate together with employer's social security expenses or other payroll taxes. All of the awards granted are equity settled. The Company estimates the level of forfeitures and applies this forfeiture rate at the grant date.

Additionally, the conditions that must be satisfied before an employee becomes entitled to equity instruments under the Firm's incentive programs is taken into consideration. The Firm's Retirement Eligibility rules for restricted stock awarded as part of incentive programs require the acceleration of the amortisation of the award such that the award is fully expensed at the time the retirement eligibility comes into force.

4.7 Cash and cash equivalent

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

4.8 Current and deferred income tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right and an intention to settle on a net basis.

4.9 Financial assets and financial liabilities

The Company classifies its financial assets and financial liabilities as financial assets and financial liabilities at amortised cost. The Company recognises a financial asset or a financial liability on its balance sheet when it becomes party to the contractual provisions of the instrument. Debtors and creditors balances are recognised initially at fair value and subsequently measured at amortised cost.

4.10 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired, or has been transferred with either of the following conditions met:

- a) the Company has transferred substantially all the risks and rewards of ownership of the asset; or

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements (continued)

4. Significant accounting policies (continued)

4.10 Derecognition of financial assets and financial liabilities (continued)

b) the Company has neither retained nor transferred substantially all of the risks and rewards; but has relinquished control of the asset.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

4.11 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event (or events) has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

5. Segmental analysis

The Company is not in scope of IFRS 8 'Operating segments', as its debt or equity instruments are not traded on a public market, therefore segmental analysis of the Company's revenue and assets is not necessary. The Company's activities comprise only one business segment, namely Corporate Investment Banking services.

6. Operating income

	2017	2016
	\$	\$
Fee and commission income	3,693,459	2,623,777
Fee and commission expenses	(1,879,542)	(357,980)
	1,813,917	2,265,797

Fees and commissions income represents fees for risk management and strategic asset management services, via its fund solutions business. Income for current year includes fees received of \$603,114 (2016: \$1,908,050) from other JPMorgan Chase undertakings pertaining to backstop agreements. Fees and commission expenses includes operating costs paid by the Company on behalf of the fund. This arrangement may include to pay all the expenses or those expenses exceeding specific limit which has been agreed upon.

The Company has disclosed operating income instead of turnover as this reflects more accurately the results and nature of the Company's activities.

7. Other income/expense

	2017	2016
	\$	\$
Foreign exchange translation gain/(loss)	2,487	(81,252)

8. Loss before income tax

	2017	2016
	\$	\$
Loss before income tax is stated after charging:		
Auditors' remuneration for the audit of the Company's annual financial statements	24,567	19,773
Audit-related assurance services	24,055	—
Wages and salaries	1,436,386	1,313,945
Social security costs	242,178	199,783
Other pension and benefit costs	141,404	133,399
Share based payments	227,569	183,554

The average monthly number of persons providing services to the Company during the year was 6 (2016: 6).

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements (continued)

8. Loss before income tax (continued)

Administrative expenses include professional fees of \$806,310 (2016: \$488,311), other expenses of \$206,256 (2016: \$314,035) write off of fixed assets of Nil (2016: \$1,988).

9. Income tax

	2017	2016
	\$	\$
(a) Analysis of tax charge for the year		
Current taxation		
UK Corporation tax on loss for the year	—	—
Total tax expense for the year	—	—

(b) Factors affecting the current tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK 19.25% (2016: 20%). The differences are explained below:

Loss before income tax	(1,292,322)	(470,243)
Loss before income tax multiplied by standard rate of UK corporation tax 19.25% (2016: 20%)	(248,728)	(94,049)
Effects of:		
Non deductible expenses	2,792	25,971
Loss surrendered for nil consideration	245,936	68,078
Total tax expense for the year	—	—

10. Directors' emoluments and staff costs

	2017	2016
	\$	\$
Emoluments*	480,935	459,771
Total contributions to a defined contribution plan	15,261	15,811
Total value of long term incentive plans (LTIPs) (including deferred cash) for all directors	185,653	49,788
Number of directors with shares received or receivable under LTIPs	1	1
Number of directors to whom defined contribution pension rights accrued	3	3

*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Highest paid director

The emoluments (excluding amounts paid or due to directors under long term incentive plans ("LTIPs") and the value of share options granted or exercised) of the highest paid director were \$455,276 (2016: \$445,929).

The contribution to the defined contribution scheme for the highest paid director during the year was \$14,716 (2016: \$15,398).

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements (continued)

10. Directors' emoluments and staff costs (continued)

The highest paid director did not exercise share options during the year (2016: nil).

Shares were received or are receivable by the highest paid director under long term incentive plans during the year.

11. Debtors

	2017	2016
	\$	\$
Trade debtors	633,641	30,486
Amounts owed by JPMorgan Chase undertakings	603,114	462,120
	1,236,755	492,606

The carrying amount of debtors is considered a reasonable approximation of the fair value.

12. Cash at bank and in hand

All bank balances are held with JPMorgan Chase undertakings.

13. Creditors: amounts falling due within one year

	2017	2016
	\$	\$
Trade creditors	523,711	284,301
Accruals	972,040	652,714
	1,495,751	937,015

The carrying amount of creditors is considered a reasonable approximation of the fair value. Trade creditors and accruals includes balances owed to JPMorgan Chase undertakings of \$439,542 (2016: \$224,720).

14. Called-up share capital

	2017	2016
	\$	\$
Issued and fully paid share capital		
1 (2016: 1) Ordinary share of £1	2	2
25,000,000 (2016: 25,000,000) Ordinary shares of \$1 each	25,000,000	25,000,000
	25,000,002	25,000,002

15. Pension costs

The Company participates in a defined contribution pension scheme in the United Kingdom.

The Company recorded a total pension expense of \$93,268 for the year 2017 (2016: \$96,251).

J.P. MORGAN MANSART MANAGEMENT LIMITED

Notes to the financial statements (continued)

16. Share based payments

Employee stock-based awards

The ultimate parent of the Company, JPMorgan Chase & Co. (the "Firm") has granted long-term stock-based awards to certain employees under its LTIPs, as amended and restated effective May 19, 2015. Under the terms of the LTIP, as of December 31, 2017, 67 million shares of common stock were available for issuance through May 2019. The LTIP is the only active plan under which the Firm is currently granting stock-based incentive awards. The LTIP, plus prior Firm plans and plans assumed as the result of acquisitions, are referred to collectively as the "LTI Plans," and such plans constitute the Firm's stock-based incentive plans.

The Firm separately recognises compensation expense for each tranche of each award as if it were a separate award with its own vesting date. For each tranche granted, compensation expense is recognised in line with how awards vest from the grant date until the vesting date of the respective tranche, provided that the employees will not become full-career eligible during the vesting period. For awards with full-career eligibility provisions and awards granted with no future substantive service requirement, the Firm accrues the estimated value of awards expected to be awarded to employees as of the grant date without giving consideration to the impact of post-employment restrictions. For each tranche granted to employees who will become full-career eligible during the vesting period, compensation expense is recognised in line with how awards vest from the grant date until the earlier of the employee's full-career eligibility date or the vesting date of the respective tranche.

Restricted stock units

Restricted stock units ("RSUs") are awarded at no cost to the recipient upon their grant. Generally, RSUs are granted annually and vest at a rate of 50% after two years and 50% after three years and are converted into shares of common stock as of the vesting date. In addition, RSUs typically include full-career eligibility provisions, which allow employees to continue to vest upon voluntary termination, subject to post-employment and other restrictions based on age or service-related requirements. All of these awards are subject to forfeiture until vested and contain clawback provisions that may result in cancellation under certain specified circumstances. RSUs entitle the recipient to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSUs are outstanding.

Compensation expense for RSUs is measured based on the number of shares granted multiplied by the stock price at the grant date, and for employee stock options and SARs, (stock appreciation rights) is measured at the grant date using the Black-Scholes valuation model. Compensation expense for these awards is recognised in net income as described previously.

Broad-based employee stock options

No broad-based employee stock options were granted in 2017 or in 2016. In prior years, awards were granted by the Firm under the Value Sharing Plan, a non-shareholder-approved plan. For each grant, the exercise price was equal to the Firm's common stock price on the grant date. The options become exercisable over various periods and generally expire 10 years after the grant date.

The weighted-average share price during the year ended 31 December 2017 was \$92.01 (2016: \$65.62).

Compensation expense related to stock-based incentives

The total expense for the year relating to share based payments was \$227,569 (2016: \$183,554), all of which relates to equity settled share based payments.