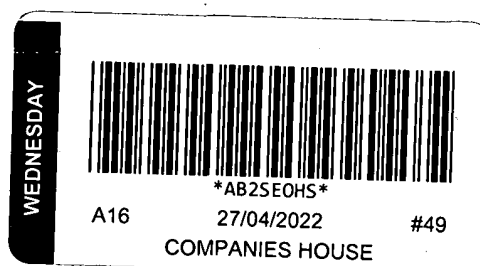


**J.P. MORGAN MANSART MANAGEMENT LIMITED**  
(Registered Number: 06420957)

**Annual report for the year ended 31 December 2021**



**J.P. MORGAN MANSART MANAGEMENT LIMITED**  
**Annual report for the year ended 31 December 2021**

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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 2021.

### 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 \$30,507,149 in total assets and \$17,461,890 in total equity as of 31 December 2021.

### Review of business

The Company manages 44 funds (2020: 39 funds) with assets under management ("AuM") totalling \$5,029,058,772 as of 31 December 2021 (2020: \$4,940,837,457). The funds are incorporated in three jurisdictions: Ireland, Cayman Islands and Luxembourg.

The Company has entered into an Access Agreement on 31 January 2020 (effective from 01 January 2019) with J.P. Morgan Securities plc ("JPMS"). As per the terms of the agreement and in order to launch JPMS proprietary products that can be accessed through an investment fund format or similar structure, the Company agrees to make itself available to JPMS as principal manager and/or investment manager to each such investment structure, which the Company routinely manages as part of its principal business activity, and to assist with the initial preparation of each such JPMS product, provided it can recoup its basic overhead and business costs and expenses from JPMS in providing such support. During the year, Company has recorded income of \$4,903,772 (2020: \$3,947,116) as part of this agreement.

Total Operating income was mainly driven by fund related activities and access agreement fees.

### 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)	2021	2020
<b>Income statement</b>		
Net Operating income	7,442,385	5,843,182
Profit for the financial year	1,900,206	1,303,702
<b>Balance sheet</b>		
Total assets	30,507,149	21,938,208
Return on assets	6%	6%
<b>Capital ratios (unaudited)</b>		
Pillar 1 capital requirement	1,428,047	1,186,721
Common Equity Tier 1	17,461,890	15,561,684
Total Capital Ratio	98%	105%

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

### Income statement

The income statement for the year ended 31 December 2021 is set out on page 18. Net operating income was \$7,442,385 for 2021 (2020: \$5,843,182). The results for the Company shows a profit of \$1,900,206 for 2021 (2020: \$1,303,702).

### Balance sheet

The balance sheet is set out on page 19. The Company has total assets and total liabilities of \$30,507,149 (2020: \$21,938,208) and \$13,045,259 (2020: \$6,376,524) respectively as at 31 December 2021.

### Capital ratios

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

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Future outlook**

The Company's outlook for the full 2022 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical environment, the competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its lines of business ("LOB").

#### **Ukraine-Russia Crisis**

The Company continues to assess the potential broader impacts of the Russian invasion of Ukraine and related sanctions on the global economy, financial markets, and specific industry and economic sectors, including potential recessionary and inflationary pressures.

The Firm has engaged and continues to engage with regulators and industry groups to analyse and implement procedures to comply with financial and economic sanctions imposed on Russian entities and individuals in line with applicable sanctions.

The Firm is also focused on risks related to the increased potential for cyber-attacks that may be conducted in retaliation for the sanctions imposed on Russia, and has instituted additional precautionary measures to address these risks and procedures to expedite the remediation of any high risk vulnerabilities as they are identified.

The Company continues to support employees who have been affected by the Ukraine-Russia crisis.

#### **COVID-19**

The Firm has taken action to protect and support its employees during the Coronavirus Disease 2019 ("COVID-19") pandemic, including continued implementation of health and safety protocols. For more detail on Firmwide measures refer to risk management (pages 4 - 12).

The Company does not currently anticipate a significant reduction in its capital and liquidity positions over the coming year as a result of COVID-19.

### **Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006**

The directors of J.P. Morgan Mansart Management Limited are required under the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the directors must consider certain factors in their decision-making and then make a statement about how they have considered those factors.

The factors the directors must consider are:

- The likely consequences of a decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

While not every factor may be relevant to every decision the Board makes, considering the Company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises that taking impacts on, and relationships with stakeholders into consideration will help the directors to deliver the Company's strategy in line with the wider JPMorgan Chase How We Do Business principles.

#### ***Supporting the Board's commitment to stakeholders***

New directors joining the Board are provided with an induction program that includes training on directors' duties and, with regard to s.172(1), the factors that must be taken into consideration. Directors receive periodic refresher training on directors' duties throughout their tenure. The induction program and continuing Board education sessions provide the directors with an understanding of the Company's business, risks, financial performance and regulatory landscape and help to provide them with solid foundation for making decisions with stakeholders in mind.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

**Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (continued)**

### *Supporting the Board's commitment to stakeholders (continued)*

The Company has a schedule of Matters Reserved for the Board which makes sure that certain material and/or strategic decisions can only be made by the Board and may not be delegated to executive committees or management. Combined with a robust agenda-setting process, this schedule helps the Company to make sure that decisions are made at the right level and that stakeholder impacts are particularly considered in the most significant decisions.

The Board is also supported in its work by the Europe, Middle East and Africa ("EMEA") Management Committee, the EMEA Regional Oversight Committee, the EMEA Capital Committee, the UK Remuneration Committee and the UK Audit & Compliance Committee.

### *Relationships with stakeholders*

The Company has the benefit of belonging to a large international group. The Board of the Company's ultimate parent company, JPMorgan Chase, meets periodically throughout the year with the Firm's shareholders, employees and regulators, and with non-governmental organisations, and other persons interested in the Firm's strategy, business practices, governance, culture and performance. To the extent that feedback from any such engagement is relevant to the Company and/or its relationship with stakeholders, it is provided to the Board through the internal communication channel relevant to the subject matter.

Understanding the interests of stakeholders in relation to how the Firm is run is crucial to the Firm's and, consequently, the Board's ability to take proper account of stakeholder impacts and interests in decision-making.

### *Decision-making*

In making its decisions, the Board discusses relevant information and makes enquiries of relevant executive management and control functions, including in relation to the factors set out in s.172(1). In 2021, the Board has made decisions in respect of a wide variety of topics and the following are examples of how the Board considers the s.172(1) factors in its deliberations:

- The Board continued to consider the impact of the Sustainable Financial Disclosure Regulation on the Company's business, along with the Financial Conduct Authority's proposed similar regime. In the course of these discussions, the Board considered the impact of Environmental, Social and Governance ("ESG") matters on its products and the responsibilities and accountability connected to them under the regulatory regimes; this included the potential impact of ESG considerations in product development on the long-term prospects of the Company.
- Each year, the Company is required to undergo an Internal Capital Adequacy Assessment Process ("ICAAP"), which considers whether the Company has in place internal procedures and processes to ensure that it possesses adequate capital resources in the long term to cover all of its material risks. The final ICAAP document is submitted to the Board for its consideration and approval. In order to satisfy themselves that the ICAAP appropriately represents the Company's risk profile and capital position, the directors held ICAAP-specific sessions in which they challenged the ICAAP document prior to the Board meeting at which it was ultimately approved.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **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, customers and investors and protects the safety and soundness of the Company.

JPMorgan Chase, and the Company believe that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Company.
- Ownership of risk identification, assessment, data and management within each Line of Business and Corporate; and
- Firmwide structures for risk governance.

JPMorgan Chase's risk governance structure is based on the principle that each line of business is responsible for managing the risk inherent in its business, albeit with appropriate corporate oversight. Each LOB risk committee is responsible for decisions regarding the business risk strategy, policies (as appropriate) and controls. Therefore, the LOB within the Company forms part of the firmwide risk governance structure.

To complement the global line of business structure, legal entity risk oversight is performed by the EMEA Risk Committee ("ERC"). The ERC provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms. The ERC is accountable to the EMEA Management Committee (EMC) and reports to the Company's Board on a quarterly basis.

Risk Management oversight of legal entity ("LE") is executed according to the risk profile of a LE. The risk profile of a LE is derived by applying the LE Risk Tiering methodology, the result of which will determine a LE's 'Risk Tier'. Risk Tiering comprises four categories ranging from one to four, with Risk Tier one representing the highest requirement for LE Risk governance and oversight. The tiering methodology is comprised of qualitative and quantitative elements and a different level of oversight is established for each Tier, driven by a range of internal and external risk governance requirements. The core and recommended governance standards have been created for each Tier of governance. The Company has been assigned Tier 3 under this framework. Oversight of Tier 2 and 3 entities (including J. P. Morgan Mansart Management Limited) is delegated to the EMEA Legal Entity Risk Committee, a sub-committee of the ERC.

All disclosures in the Risk management section (pages 4 - 12) are unaudited unless otherwise stated.

### **Risk Summary**

The following sections outline the key risks that are inherent in the Company's business activities.

A detailed description of the policies and processes adopted by the Firm may be found within the JPMorgan Chase 2021 Annual Report on Form 10-K. The report is available at <https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings>.

### **Capital risk (audited)**

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

A strong capital position is essential to the Company's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is considered a strategic imperative of the Firm's Board of Directors, CEO and Operating Committee. The Firm and Company's capital management strategy focuses on maintaining long-term stability to enable the Firm to build and invest in market-leading businesses, even in a highly stressed environment. Prior to making any decisions on future business activities, senior management considers the implications on the Company's capital.

Key capital risks include the risk of not meeting capital requirements, including the impact of adverse changes in FX rates in capital ratios.

Accordingly, the capital management framework is designed to ensure that the Company is adequately capitalised at all times primarily in relation to:

- Minimum risk-based regulatory capital requirements (Pillar 1 capital as per UK Capital Requirements Regulation (CRR) Pillar 2A prescribed by the PRA and FCA and relevant buffers).
- Assumed minimum leverage requirements (as per UK CRR).
- The risks faced by the entity, through regular comparisons of regulatory and internal capital requirement.
- Changes in FX rates that may impact the capital ratios of the Company due to mismatches between the currency in which Risk Weighted Assets ("RWAs") are denominated and the equity is being held (U.S. dollar).

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Strategic report (continued)

### Risk management (continued)

#### Capital risk (audited) (continued)

- 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 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 business as usual ("BAU") framework of specific triggers, set in terms of capital and leverage ratios, movements in those ratios, and other measures.

In addition to the BAU capital monitoring framework, 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 quarterly ICAAP results are reviewed by the EMEA Capital Committee and annually, the ICAAP is reviewed and approved by the Board of Directors. In addition, 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.

#### COVID-19

The Company has been impacted by recent market events as a result of COVID-19, but remains well capitalised.

#### FX Risk to Capital Ratio

Changes in FX rates may impact the capital ratios of the Company due to mismatches between the currency in which Risk Weighted Assets ("RWAs") are denominated and the functional currency (U.S. dollar). The Non-U.S. dollar FX risk to capital ratio is managed through the capital stress testing program which tests the Company and Firm's financial resilience in a range of severe economic and market conditions.

The composition of the Company's capital is as follows. All tiers of capital are shown net of applicable deductions.

31 December	2021	2020
	\$	\$
Common Equity Tier 1 (Equity share capital and reserves)	17,461,890	15,561,684
<b>Total capital resources</b>	<b>17,461,890</b>	<b>15,561,684</b>
Pillar 1 Capital Requirement (unaudited)	1,428,047	1,186,721
Excess of total capital resources over Pillar 1 capital requirements (unaudited)	16,033,843	14,374,963
Pillar 1 capital ratio (unaudited)	98%	105%

As of 31 December 2021 and 31 December 2020, the Company was adequately capitalised and met all external capital requirements. Capital resources utilised to calculate capital ratios are inclusive of audited current year profits.

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 is made available on the Firm's website (<https://jpmorganchaseco.gcs-web.com/financial-information/basel-pillar-3-us-lcr-disclosures>) in accordance with UK CRR. These are published on an annual basis or more frequently where the Company has assessed a further need to do so under the guidelines set out by the Prudential Regulation Authority and the Bank of England. These disclosures are not subject to external audit.

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Strategic report (continued)

### Risk management (continued)

#### Credit risk (audited)

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. The Company's credit risk arises from its fee based activity.

#### Risk measurement

#### Expected credit loss measurement

#### Approach to measuring expected credit losses

The Company estimates credit impairment through an expected credit losses ("ECL") allowance. ECLs are recognised for financial assets that are measured at amortised cost. The measurement of ECLs must reflect:

- (a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes
- (b) The time value of money and
- (c) Reasonable and evidence based information about past events, current (economic) conditions, and forecasts of future economic conditions.

The measurement of ECL also reflects how the Company manages the financial instruments it uses for credit risk purposes such as Traditional Credit Products ("TCP"), and non-traditional credit products ("Non-TCP"). The Company does not hold any TCP instruments. Non-TCP consist of financial assets measured at amortised cost which include debtors, and cash and cash equivalents.

The following table sets out the gross carrying amount of the Company's financial assets that are measured at amortised cost within the Non-TCP category as of December 2021 and December 2020 respectively:

Balance sheet categories	31 December 2021	31 December 2020
	Non-TCP	Non-TCP
	\$	\$
<b>Assets</b>		
Debtors	12,369,740	6,588,374
Cash and cash equivalents	18,079,628	15,308,007

For Non-TCPs, the Company utilises a combination of an established provision matrix, as well as quantitative and qualitative considerations to estimate ECLs.

During the year, the Company recognised no ECL on Non-TCP balances as the ECL related to these exposures is assessed as immaterial. The Company's approach to measuring ECLs for Non-TCP portfolios depends on the type of instrument. Refer to the Credit exposures section for an analysis per balance sheet line item.

#### Credit exposures

#### Balance sheet exposure by financial asset

The table below presents the Company's gross balance sheet exposure to credit risk from financial assets.

	2021	2020
	\$	\$
Debtors	12,369,740	6,588,374
Cash and cash equivalents	18,079,628	15,308,007
	<b>30,449,368</b>	<b>21,896,381</b>

Included within the above assets, balances held with other JPMorgan Chase undertakings are \$19.57 million (2020: \$16.96 million).

The Company's credit exposures and credit risk mitigants are further described below. As no material ECL allowance is recognised on Non-TCP financial assets, refer below for further discussion.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Credit risk (audited) (continued)**

##### **Debtors**

Debtors consists of fee receivables arising out of revenue from contracts with customers, such as management fees and amounts recoverable from another JPMorgan Chase undertaking as part of the Access Agreement.

##### **Fee receivables**

Fee receivables for institutional clients are included in Stage 1 if they are less than 90 days past due ("dpd"), and instruments less than 180 dpd are included in Stage 2. A fee receivable from an institutional client is deemed to be credit-impaired and 100% reserved when it is 180 dpd. The Company has not had significant losses in the past on its fee receivable portfolios and based on the immateriality of these losses, the provision matrix and staging approach described is applied. The Company continues to monitor the fee receivable population to ensure the described framework is appropriate. The Company recognises no allowance on these balances.

The majority of amounts due from JPMorgan Chase undertakings are with entities which are Material Legal Entities ("MLEs"). As MLEs are adequately capitalised to ensure the MLE can fulfil all of its obligations even in the event of an orderly liquidation of JPMorgan Chase and are of investment grade, these inter-company receivables are included in Stage 1 as they are held with MLEs and considered to not have an increase in credit risk that would result in material expected credit losses. Receivables from MLEs are only included in Stage 2 if the obligor is no longer considered an MLE and there is evidence of credit deterioration of the obligor, or if certain support triggers defined in the JPMorgan Chase's Resolution Plan occur. Receivables from MLEs are not credit-impaired as the Firm ensures MLEs are more than adequately capitalised as required by the Firms Resolution Plan. The Company recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

##### **Cash and cash equivalents**

Cash and cash equivalents include interest-bearing deposits and are held with investment-grade institutions.

In evaluating the lifetime ECL related to receivables from a bank, the Company determined the expected probability of default was extremely remote, and the magnitude of lifetime ECL related to exposures would be negligible as these are regulated investment-grade institutions that have significant capital, loss absorbing capacity and liquidity. The majority of the deposits held are short term in nature and can be withdrawn at short notice (typically overnight).

The Company includes cash and cash equivalents in Stage 1 as they are short-term and investment-grade and banking institutions are considered to have high quality credit with low risk of default and therefore the Company has concluded there is no material significant increase in credit risk.

##### **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.

##### **Liquidity management**

The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events.
- Manage an optimal funding mix, and availability of liquidity sources.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralised, global approach in order to:

- Optimise liquidity sources and uses.
- Monitor exposures.
- Identify constraints on the transfer of liquidity between the Firm's legal entities.
- Maintain the appropriate amount of surplus liquidity at a Firmwide and legal entity level, where relevant.

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Strategic report (continued)

### Risk management (continued)

#### Liquidity risk (audited) (continued)

In the context of the Firm's liquidity management, Treasury and CIO ("T/CIO") is responsible for:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions.
- Developing internal liquidity stress testing assumptions for the JPM Group stress scenarios, Resolution Liquidity Adequacy and Positioning (RLAP), Resolution Liquidity Execution Needs (RLEN), and recovery planning
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans.
- Managing liquidity within the firm's approved liquidity risk appetite tolerances and limits.
- Managing compliance with regulatory requirements related to funding and liquidity risk.
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

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.

The following table provides details on the contractual maturity of all financial liabilities:

	2021			2020		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
	\$	\$	\$	\$	\$	\$
Trade creditors	9,822,826	—	9,822,826	4,518,483	—	4,518,483
Accruals	1,623,624	—	1,623,624	1,540,744	—	1,540,744
Bank overdraft	1,237,960	—	1,237,960	68,013	—	68,013
Tax liabilities	360,849	—	360,849	249,284	—	249,284
	<b>13,045,259</b>	<b>—</b>	<b>13,045,259</b>	<b>6,376,524</b>	<b>—</b>	<b>6,376,524</b>

#### Operational risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes compliance, conduct, legal, and estimations and model risk.

Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyber attacks, inappropriate employee behaviour, failure to comply with applicable laws, and regulations or failure of vendors or other third party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage 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.

#### Operational Risk Management Framework

The Company leverages the Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework which is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk.

Operational risk can manifest itself in various ways. Operational risk subcategories such as Compliance risk, Conduct risk, Legal risk and Estimations and Model 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 subcategories, where relevant, can be found in the respective risk management sections.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Operational risk (continued)**

##### *Third-party outsourcing risk*

The Firm's Third-Party Oversight ("TPO") and Inter-affiliates Oversight ("IAO") framework assist the LOBs and Corporate in selecting, documenting, onboarding, monitoring and managing their supplier relationships including services provided by affiliates. The objectives of the TPO framework is to hold suppliers and other third parties to a high level of operational performance and to mitigate key risks, including data loss and business disruption. The Firm's TPO and IAO frameworks continuously evolve to ensure ongoing compliance with any new or changed regulatory requirements, including the European Banking Authority ("EBA") Guidelines (EBA/GL/2019/02), on outsourcing. The Corporate Third-Party Oversight group is responsible for Firmwide training, monitoring, reporting and standards.

##### *Cybersecurity risk*

Cybersecurity risk is the risk of the Firm's exposure to harm or loss resulting from misuse or abuse of technology by malicious actors. Cybersecurity risk is an important and continuously evolving focus for the Firm. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices and other technology assets. The Firm's security efforts are designed to protect against, among other things, cybersecurity attacks by unauthorized parties attempting to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage.

Ongoing business expansions may expose the Firm to potential new threats as well as expanded regulatory scrutiny including the introduction of new cybersecurity requirements. The Firm continues to make significant investments in enhancing its cyber defense 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 and simulations of cybersecurity risks both internally and with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and certain clients on the topic of cybersecurity risks. Due to the impact of the COVID-19 pandemic, the Firm increased the use of remote access and video conferencing solutions provided by third parties to facilitate remote work. As a result the Firm deployed additional precautionary measures and controls to mitigate cybersecurity risks and those measures and controls remain in place.

Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g. vendors, supply chain, exchanges, clearing houses, central depositories, and financial intermediaries) are also sources of cybersecurity risk to the Firm. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks, including ransomware and supply-chain compromises, could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. Clients are also sources of cybersecurity risk to the Firm and its information assets, particularly when their activities and systems are beyond the Firm's own security and control systems. As a result, the Firm engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents occur as a result of client failures to maintain the security of their own systems and processes, clients are responsible for losses incurred.

To protect the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains a cybersecurity program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events.

##### *Business and technology resiliency risk*

Disruptions can occur due to forces beyond the Firm's control such as the spread of infectious diseases or pandemics, severe weather, power or telecommunications loss, failure of a third party to provide expected services, cyberattacks and terrorism. The Firmwide Business Resiliency Program is designed to enable the Firm to prepare for, adapt to, withstand and recover from business disruptions including occurrence of an extraordinary event beyond its control that may impact critical business functions and supporting assets (i.e., staff, technology, facilities and third parties). The program includes governance, awareness training, planning and testing of recovery strategies, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks.

Due to the impact of the COVID-19 pandemic, the Firm increased the use of remote access and video conferencing solutions provided by third parties to facilitate remote work. As a result the Firm deployed additional precautionary measures and controls to mitigate cybersecurity risks and those measures and controls remain in place.

For the past 2-years, the Firm have closely monitored COVID-19 developments and implemented various protocols to meet its standards and UK regulatory expectations. Those protocols have evolved as the virus has evolved. As of December 2021, the UK Government has started to relax some public health measures. The Firm continues to monitor the situation and will adapt its own measures based on changes to the public health guidance and the needs of the business. However, the Firm will maintain readiness to reintroduce measures if appropriate.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Compliance risk**

Compliance risk, a subcategory of operational risk, is the risk of failing to comply with laws, rules, regulations or codes of conduct and standards of self-regulatory organisations applicable to the business activities of the Firm and the Company

The LOB and Corporate within the Company holds primary ownership and accountability for managing compliance risks. 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 the laws, rules and regulatory obligations applicable to the offering of the Firm's products and services to clients and customers.

These compliance risks relate to a wide variety of legal and regulatory obligations, depending on the 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. Compliance risk is also inherent in the Firm's activities, including a failure to exercise an applicable standard of care, to act in the best interest of clients and customers or to treat clients and customers fairly.

Other functions provide oversight of significant regulatory obligations that are specific to their respective areas of responsibility.

Compliance, Conduct, and Operational Risk ("CCOR") Management implements policies and standards designed to govern, identify, measure, monitor and test, manage, and report compliance risk.

#### *Governance and oversight*

Compliance is led by the Firm's Chief Compliance Officer ("CCO") and the Firmwide Risk Executive for Operational Risk 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 through the implementation of the CCOR Risk Management Framework. In the UK the EMEA CCO is a member of the EMEA Management Committee and the UK Audit & Compliance Committee.

#### *Code of Conduct*

The Firm has a Code of Conduct (the "Code") that sets out the Firm's expectation that employees will conduct themselves with integrity at all times and provides the principles that govern employee conduct with clients, customers, shareholders and one another, as well as with the markets and communities in which the Firm does business. The Code requires employees to promptly report 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 employees to report 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.

All newly hired employees are assigned Code training and current employees are periodically assigned Code training on an ongoing basis. Employees are required to affirm their compliance with the Code periodically. Employees can report any potential or actual violations of the Code through the Code Reporting Hotline by phone or the internet. It is administered by an outside service provider. The Code prohibits retaliation against anyone who raises an issue or concern in good faith.

#### **Conduct risk**

Conduct risk, a subcategory of operational risk, is the risk that any action or inaction by an employee or employees could lead to unfair client or customer outcomes, impact the integrity of the markets in which the Firm and the Company operates, or compromise the Firm or Company's reputation.

#### *Overview*

Each LOB and Corporate is accountable for identifying and managing its conduct risk to provide appropriate engagement, ownership and sustainability of a culture consistent with the Firm's How We Do Business Principles (the "Principles"). The Principles serve as a guide for how employees are expected to conduct themselves. With the Principles serving as a guide, the Firm's Code sets out the Firm's expectations for each employee and provides information and resources to help employees conduct business ethically and in compliance with the laws everywhere the Firm operates. For further discussion of the Code, refer to Compliance Risk Management.

#### *Governance and oversight*

The Conduct Risk Program is governed by the Compliance, Conduct, and Operational Risk ("CCOR") Management policy, which establishes the framework for governance, identification, measurement, monitoring and testing, management and reporting conduct risk in the Firm. The Firm has a senior forum that provides oversight of the Firm's conduct initiatives to develop a more holistic view of conduct risks and to connect key programs across the Firm in order to identify opportunities and emerging areas of focus. This forum is responsible for setting overall program direction for strategic enhancements to the Firm's employee conduct framework and reviewing the consolidated Firmwide Conduct Risk Appetite Assessment.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Conduct risk (continued)**

Conduct risk management encompasses various aspects of people management practices throughout the employee life cycle, including recruiting, onboarding, training and development, performance management, promotion and compensation processes. Each LOB, Treasury and CIO, and designated corporate functions completes an assessment of conduct risk periodically, reviews metrics and issues which may involve conduct risk, and provides business conduct training as appropriate.

#### **Legal risk**

Legal risk, a subcategory of operational risk, is the risk of loss primarily caused by the actual or alleged failure to meet legal obligations that arise from the rule of law in jurisdictions in which the Firm and the Company operates, agreements with clients and customers, and products and services offered by the Firm and the Company.

##### *Overview*

The global Legal function ("Legal") provides legal services and advice to the Company and the Firm. Legal is responsible for managing the Firm's exposure to legal risk by:

- Managing actual and potential litigation and enforcement matters, including internal reviews and investigations related to such matters.
- Advising on products and services, including contract negotiation and documentation.
- Advising on offering and marketing documents and new business initiatives.
- Managing dispute resolution.
- Interpreting existing laws, rules and regulations, and advising on changes thereto.
- Advising on advocacy in connection with contemplated and proposed laws, rules and regulations.
- Providing legal advice to the LOBs, Corporate Functions and Board.

Legal selects, engages and manages outside counsel for the Firm on all matters in which outside counsel is engaged. In addition, Legal advises the Firm's Conflicts Office which reviews the Firm's wholesale transactions that may have the potential to create conflicts of interest for the Firm.

##### *Governance and oversight*

The Firm's General Counsel reports to the CEO and is a member of the Operating Committee, the Firmwide Risk Committee and the Firmwide Control Committee. The Firm's General Counsel and other members of Legal report on significant legal matters to the Firm's Board of Directors and to the Audit Committee. Each region, including EMEA, has a General Counsel who is responsible for managing legal risk across all lines of business and functions in the region. Legal serves on and advises various committees and advises the Firm's LOBs and Corporate on potential reputation risk issues.

#### **Reputation risk**

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm's integrity and reduce confidence in the Firm's competence by various constituents, including clients, counterparties, customers, investors, regulators, employees, communities or the broader public. Reputation risk is assessed and defined at the Firmwide level and is applicable to the Company.

##### *Organisation and management*

Reputation Risk Management establishes the governance framework for managing reputation risk across the Firm's LOBs and Corporate. As reputation risk is inherently challenging to identify, manage, and quantify, a reputation risk management function is particularly important. The Firm's reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and standard consistent with the reputation risk framework.
- Overseeing the governance execution through processes and infrastructure that support consistent identification, escalation, management and monitoring of reputation risk issues Firmwide.

The types of events that result in reputation risk are wide-ranging and may be introduced by the Firm's employees and the clients, customers and counterparties with which the Firm does business. These events could result in financial losses, litigation and regulatory fines, as well as other harm to the Firm.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Reputation risk (continued)**

##### *Governance and oversight*

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of employees in each LOB and Corporate to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Sustainability, social responsibility and environmental impacts are important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance.

Reputation risk issues deemed material are escalated as appropriate.

#### **Sustainable Finance Disclosure Regulation**

The Company comply with the disclosure requirements in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). The Company manages certain few funds falling within the scope of Article 8 of the SFDR, disclosures are available on the Company's website.

#### **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**



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**M.P. Melling**  
Director

**Date: 19 April 2022**

# **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 2021. 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 18 and show the Company's profit for the financial year after taxation to be \$1,900,206 (2020: \$1,303,702).

No dividend was paid or proposed during the year (2020: \$nil).

### **Financial risk management**

Please refer to the Strategic report for details on financial risk management.

### **Other matters**

HM Treasury adopted 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 2021, by 31 December 2022. This information will be available at the time on the Firm's website: <https://jpmorganchaseco.gcs-web.com/financial-information/european-union-eu-disclosures-country>.

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:

S. Sadique  
M.P. Melling

### **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 Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a fair, balanced and understandable view of the Company's position and performance, and that they provide the information necessary for member's to assess the Company's position and performance, business model and strategy. In preparing the 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 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.

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.

## **J.P. MORGAN MANSART MANAGEMENT LIMITED**

### **Directors' report (continued)**

#### **Directors' confirmations**

Directors consider the annual report and financial statements, taken as a whole, to give a true and fair view of the assets, liabilities, financial position and profit of the Company.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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

#### **Independent auditors**

The independent auditors PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

#### **On behalf of the Board**



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**M.P. Melling**  
**Director**

**Date: 19 April 2022**

# **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 2021 and of its profit 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, which comprise: the balance sheet as at 31 December 2021; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Identification of journal entries for testing via the application of fraud risk criteria, including journal entries posted by senior management;
- Evaluation of entity level controls put in place by management to prevent and detect irregularities;
- Enquiries with senior management, the UK Audit and Compliance Committee, internal audit and internal legal advisors including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Assessment of whistleblowing procedures, reports and management's investigation of such matters; and
- Review of key correspondence with regulatory authorities (the FCA) in relation to compliance and regulatory proceedings.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). 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.

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


### **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 obtained 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.



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Sarah Hayman (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
19 April 2022

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# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Income statement**

<b>Year ended 31 December</b>		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Operating income	6	21,154,280	18,366,426
Operating expense	6	(13,711,895)	(12,523,244)
Administrative expenses		(5,442,955)	(4,494,555)
Other income	7	31,903	63,558
<b>Operating profit</b>		<b>2,031,333</b>	<b>1,412,185</b>
Interest and similar income	8	2,064	9,754
Interest expense and similar charges	9	(18,462)	(11,097)
<b>Profit before income tax</b>	<b>10</b>	<b>2,014,935</b>	<b>1,410,842</b>
Income tax expense	11	(114,729)	(107,140)
<b>Profit for the financial year</b>		<b>1,900,206</b>	<b>1,303,702</b>

## **Statement of comprehensive income**

There were no other items of comprehensive income or expense other than the profit for the financial year shown above (2020: \$nil). As a result, profit for the financial year represents total comprehensive income in both the current and prior financial year.

The notes on pages 21 - 28 form an integral part of these financial statements.

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Balance sheet

As at 31 December		2021	2020
	Note	\$	\$
<b>Non-current assets</b>			
Deferred tax asset	13	57,781	41,827
<b>Current assets</b>			
Cash and cash equivalents	14	18,079,628	15,308,007
Debtors	15	12,369,740	6,588,374
<b>Total current assets</b>		<b>30,449,368</b>	<b>21,896,381</b>
<b>Total assets</b>		<b>30,507,149</b>	<b>21,938,208</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(13,045,259)	(6,376,524)
<b>Net current assets</b>		<b>17,404,109</b>	<b>15,519,857</b>
<b>Net assets</b>		<b>17,461,890</b>	<b>15,561,684</b>
<b>Equity</b>			
Called-up share capital	17	25,000,002	25,000,002
Other reserves		34,864	34,864
Accumulated losses		(7,572,976)	(9,473,182)
<b>Total equity</b>		<b>17,461,890</b>	<b>15,561,684</b>

The notes on pages 21 - 28 form an integral part of these financial statements.

The financial statements on pages 18 - 28 were approved by the Board of Directors on 19 April 2022 and signed on its behalf by:



M.P. Melling  
Director

Date: 19 April 2022

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

		Called-up share capital	Other reserves	Accumulated losses	Total equity
		\$	\$	\$	\$
<b>Balance as at 1 January 2020</b>		<b>25,000,002</b>	<b>34,864</b>	<b>(10,776,884)</b>	<b>14,257,982</b>
Profit for the financial year		—	—	1,303,702	1,303,702
<b>Balance as at 31 December 2020</b>		<b>25,000,002</b>	<b>34,864</b>	<b>(9,473,182)</b>	<b>15,561,684</b>
Profit for the financial year		—	—	1,900,206	1,900,206
Group share based payment costs	19	—	152,711	—	152,711
Group share based payment costs recharged	19	—	(152,711)	—	(152,711)
<b>Balance as at 31 December 2021</b>		<b>25,000,002</b>	<b>34,864</b>	<b>(7,572,976)</b>	<b>17,461,890</b>

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

The notes on pages 21 - 28 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 company limited by shares, incorporated in England and Wales. The Company's immediate parent undertaking is The Bear Stearns Companies LLC, incorporated in the state of Delaware in 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.

### **Principal activities**

The Company is a management and advisory company which provides investment 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").

### **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") in conformity with the requirements of the Companies Act 2006.

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 in conformity with the requirements of the Companies Act 2006 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 the significant accounting policies applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

#### **4.1 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"). The financial statements are presented in United States ("U.S.") dollars, which is the functional and presentation currency of the Company.

#### **4.2 Foreign currency translation**

Monetary assets and monetary liabilities in foreign currencies are translated into 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 when the transaction was initially recognised.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Notes to the financial statements (continued)**

### **4. Significant accounting policies (continued)**

#### **4.3 Income and expense recognition**

##### *Asset management fees*

This revenue category includes fees from investment management and related services.

Investment management fees are typically based on the value of assets under management and are collected and recognised at the end of each period over which the management services are provided and the value of the managed assets is known. The Company has contractual arrangements with third parties for providing distribution and other services in connection with its asset management activities.

##### *Income from Access agreement:*

The Company has contractual arrangements with another JPMorgan Chase undertaking for providing services in the form of principal manager and or investment manager for certain investment structure and to assist with the initial preparations of such products. Income from this agreement is driven by the reimbursement of certain fixed costs as defined in the agreement and expenses incurred in establishing the Funds subject to the limits prescribed therein.

##### *Expenses*

Amounts paid to third-party service providers are recorded in operating expenses under fund related expenses. Operating expenses include, but are not limited to custody costs, settlement and exchange fees, regulatory fees, administrative, audit or legal fees. All expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

#### **4.4 Provisions**

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 economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### **4.5 Pensions and other post-retirement benefits**

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

A defined contribution plan is a pension plan under which the Company pays a defined level of contributions. 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.

#### **4.7 Cash and cash equivalents**

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. Current tax and deferred tax are recognised directly in equity if the tax relates to items that are recognised in the same or a different period in equity.

# **J.P. MORGAN MANSART MANAGEMENT LIMITED**

## **Notes to the financial statements (continued)**

### **4. Significant accounting policies (continued)**

#### **4.9 Financial instruments**

##### **4.9.1 Financial assets and financial liabilities**

###### **i. Recognition of financial assets and financial liabilities**

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities are recognised on the trade-date, which is the date on which the Company commits to purchase or sell an asset.

###### **ii. Classification and measurement of financial assets and financial liabilities**

On initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL.

###### **a) Financial assets and financial liabilities measured at amortised cost**

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold-to-Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.

Financial assets measured at amortised cost include cash and cash equivalents and debtors that are in the Hold-to-Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or designated as measured at FVTPL. Most of the Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include trade creditors, accruals and amounts owed to other JPMorgan Chase undertakings.

Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs (which are explained below). The initial amount recognised is subsequently reduced for principal repayments and adjusted for accrued interest using the effective interest method (see below). In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through the profit or loss.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in 'trading profit' or other non-interest revenue as relevant.

###### **4.9.2 Interest income and interest expense**

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Notes to the financial statements (continued)

### 4. Significant accounting policies (continued)

#### 4.9 Financial instruments (continued)

##### 4.9.2 Interest income and interest expense (continued)

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities. Interest income and expense on financial assets and financial liabilities, excluding those classified at FVTPL, are presented in interest income from financial assets measured at amortised cost and FVOCI and interest expense from financial liabilities measured at amortised cost respectively. Interest generated as a result of 'negative' interest rates is recognised gross, as interest income or interest expense.

##### 4.9.3 Impairment of financial assets

The Company recognises ECL for financial assets that are measured at amortised cost.

The ECL is determined on in-scope financial instruments measured at amortized cost or FVOCI. ECL are measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but are generally measured individually for Stage 3 assets. ECL are forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast period includes the reasonable and supportable (R&S) forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of circumstances that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate.

The Company must consider the appropriateness of decisions and judgments regarding methodology and inputs utilized in developing estimates of ECL at each reporting period and document them appropriately.

#### 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
- 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 Share Capital

The share capital of the Company consists of ordinary shares, classified as equity

### 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 operates in the EMEA geographic region.

### 6. Operating income and expense

	2021	2020
	\$	\$
Access Agreement fees	4,903,772	3,947,116
Asset management fees		
Investment management fees	16,250,508	14,419,310
	<b>21,154,280</b>	<b>18,366,426</b>
Operating expenses	(13,711,895)	(12,523,244)
	<b>7,442,385</b>	<b>5,843,182</b>

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Notes to the financial statements (continued)

### 6. Operating income and expense (continued)

Investment management fees represents fees for risk management and strategic asset management services, via its fund solutions business. Current year income includes fees of \$4,903,772 (2020: \$3,947,116) from other JPMorgan Chase undertakings pertaining to the Access Agreement. Operating expenses include fund costs paid by the Company on behalf of the funds. This arrangement may include payment of 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

	2021	2020
	\$	\$
Foreign exchange translation gain	31,903	63,558

### 8. Interest and similar income

	2021	2020
	\$	\$
Interest and similar income:		
Financial instruments at amortised cost	2,064	9,754

All interest and similar income is receivable from other JPMorgan Chase undertakings.

### 9. Interest expense and similar charges

	2021	2020
	\$	\$
Interest expense and similar charges:		
Financial instruments at amortised cost	18,462	11,097

All interest expense and similar charges is payable to other JPMorgan Chase undertakings.

### 10. Profit before income tax

	2021	2020
	\$	\$
Profit before income tax is stated after charging:		
Auditors' remuneration for the audit of the Company's annual financial statements	72,189	68,360
Audit-related assurance services	23,923	22,969
Wages and salaries	2,467,675	1,944,965
Social security costs	381,860	299,803
Other pension and benefit costs	224,762	153,779
Share based payments	152,711	147,811

The average monthly number of persons providing services to the Company during the year was 9 (2020: 6).

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Notes to the financial statements (continued)

### 11. Income tax expense

	2021	2020
	\$	\$
<b>(a) Analysis of tax charge for the year</b>		
<b>Current taxation</b>		
Current tax on profits for the year	366,261	235,578
Adjustment in respect of prior years	(235,578)	(86,611)
<b>Total current tax</b>	<b>130,683</b>	<b>148,967</b>
<b>Deferred tax</b>		
Current year credit	(6,966)	(41,827)
Effect of changes in tax rates	(8,988)	—
<b>Total deferred tax</b>	<b>(15,954)</b>	<b>(41,827)</b>
<b>Total tax expense for the year</b>	<b>114,729</b>	<b>107,140</b>

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

The tax charge for the year is as a result of standard rate of corporation tax applied in the UK 19% (2020: 19%). The differences are explained below:

	2021	2020
	\$	\$
Profit before income tax	2,014,935	1,410,842
Profit before income tax multiplied by standard rate of UK corporation tax 19% (2020: 19%)	382,838	268,060
Effects of:		
Adjustment in respect of prior years	(235,578)	(86,611)
Non deductible expenses	(3,865)	1,458
Income not taxable	—	(33,940)
Employee stock plan	(19,679)	(41,827)
Tax rate changes	(8,987)	—
<b>Total tax charge for the year</b>	<b>114,729</b>	<b>107,140</b>

### 12. Directors' emoluments and staff costs

	2021	2020
	\$	\$
Aggregate emoluments	14,457	17,383
Total contributions to a defined contribution plan	—	125
Number of directors with shares received or receivable under LTIPs	2	2
Number of directors to whom defined contribution pension rights accrued	—	2

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs of \$4,146 in 2021 (2020:\$6,244). Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

### Highest paid director

For 2021, the emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

# J.P. MORGAN MANSART MANAGEMENT LIMITED

## Notes to the financial statements (continued)

### 13. Deferred tax asset

	2021	2020
	\$	\$
The balance comprises temporary differences attributable to:		
Share based payments:		
Opening balance as of 1 January	41,827	—
Deferred tax charged to income statement for the year	15,954	41,827
<b>Closing balance as of 31 December</b>	<b>57,781</b>	<b>41,827</b>

### 14. Cash and cash equivalents

All bank balances are held with JPMorgan Chase undertakings.

### 15. Debtors

	2021	2020
	\$	\$
Prepayment and accrued income	39,331	11,186
Other assets	25,839	—
Trade debtors	12,304,570	6,577,188
	<b>12,369,740</b>	<b>6,588,374</b>

Trade debtors includes balance owed by a JPMorgan Chase undertaking of \$1,488,194 (2020: \$1,649,063).

### 16. Creditors: amounts falling due within one year

	2021	2020
	\$	\$
Trade creditors	9,822,826	4,518,483
Accruals	1,623,624	1,540,744
Bank overdraft	1,237,960	68,013
Tax liabilities	360,849	249,284
	<b>13,045,259</b>	<b>6,376,524</b>

Creditors: amounts falling due within one year includes balances owed to JPMorgan Chase undertakings of \$2,788,356 (2020: \$818,764).

### 17. Called-up share capital

	2021	2020
	\$	\$
Issued and fully paid share capital		
1 (2020: 1) Ordinary share of £1	2	2
25,000,000 (2020: 25,000,000) Ordinary shares of \$1 each	25,000,000	25,000,000
	<b>25,000,002</b>	<b>25,000,002</b>

## **J.P. MORGAN MANSART MANAGEMENT LIMITED**

### **Notes to the financial statements (continued)**

#### **18. Pension costs**

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

The Company recorded a total pension expense of \$150,954 for the year 2021 (2020: \$106,388).

#### **19. Share based payments**

##### **Employee stock-based awards**

The ultimate parent of the Company, JPMorgan Chase & Co. has granted long-term share-based awards to certain key employees under its LTIP (Long Term Incentive Plan), as amended and restated effective May 19, 2015 and further amended and restated effective May 15, 2018. Under the terms of the LTIP, as of 31 December 2021, 82.7 million shares of common stock were available for issuance through May 2025 (2020: 67 million shares). The LTIP is the only active plan under which the Firm is currently granting share-based incentive awards. In the following discussion, 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 Firms' share-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. RSUs are generally granted annually and generally vest at a rate of 50% after two years, 50% after three years, and convert into shares of common stock at 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 prior to vesting 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 upon 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 as described above.

The weighted-average share price during the year ended 31 December 2021 was \$159.31 (2020: \$106.52).

##### **Compensation expense related to stock-based incentives**

The total expense for the year relating to share based payments was \$152,711 (2020: \$147,811), all of which relates to equity settled share based payments.