

**IMPORTANT:** This letter is important and requires your immediate attention. If you have any questions about the content of this letter, please seek independent professional advice.

13 June 2022

Dear Investor,

**JPMorgan Funds (Unit Trust Range)**

We are writing to inform you about the following changes to the funds under JPMorgan Funds (Unit Trust Range) (each a “Fund”, collectively the “Funds”) which will be effective on and from 25 July 2022 (the “Effective Date”) unless otherwise stated below.

**PART A: Changes related to Adjustment Mechanism applicable to net asset value per unit**

The respective trust deeds of all Funds empower JPMorgan Funds (Asia) Limited, as the manager of the Funds (the “Manager”), to adjust the net asset value per unit of the Funds to reflect the fiscal charges which, as the Manager estimates, would be incurred by the Funds in order to buy or sell the underlying securities to meet subscription or redemption requests (the “Adjustment Mechanism”). The purpose of the Adjustment Mechanism is to protect interests of all investors of the Funds under specific circumstances (including but not limited to high volatility and/or lack of liquidity in the underlying market) where dealings of units of the Funds might result in potential impact on the interests of existing investors (hereinafter referred as “dilution effects”).

**1. Changes to the Adjustment Mechanism**

Currently, the Adjustment Mechanism is applicable to the Funds under JPMorgan Funds (Unit Trust Range), except JPMorgan Asia Growth Fund, JPMorgan Asian Total Return Bond Fund, JPMorgan China Pioneer A-Share Fund, JPMorgan Evergreen Fund and JPMorgan Vietnam Opportunities Fund (“Excluded Funds”) which may only apply the Adjustment Mechanism on a temporary basis (see section 2 below). Each such Fund is hereinafter referred to as a “Relevant Fund” and collectively the “Relevant Funds”.

In order for the Adjustment Mechanism to better achieve its purpose of protecting investors of the Relevant Funds from anticipated dilution effects, the following changes will be made to the Adjustment Mechanism of the Relevant Funds with effect on and from the Effective Date.

**1.1 Circumstances under which the Adjustment Mechanism may be applied**

Currently, the offering documents of the Relevant Funds state that the Manager may apply the Adjustment Mechanism where there are large dealings of units of the Relevant Funds under exceptional circumstances, including but not limited to high volatility and/or lack of liquidity in the underlying market, which might result in potential impact on the interests of existing unitholders.

From the Effective Date, the offering documents of the Relevant Funds will be amended to provide that the Manager may make swing pricing adjustments when the net capital flow of a Relevant Fund exceeds the threshold pre-determined by the Manager from time to time and if the Manager considers it is in the interests of all unitholders to do so. Such thresholds are determined by the Manager based on a range of factors including but not limited to asset flows of the Relevant Fund and the liquidity in the underlying markets. Examples of circumstances which may cause net capital flow includes net unit dealing due to subscription/redemption requests, fund mergers where there are asset flows into/out of the Relevant Fund, etc. Such amendments will allow the Adjustment Mechanism to be deployed under more circumstances in which there are anticipated dilution effects, which in turn provides better protection to existing unitholders.

### **1.2 Increase in the maximum rate of adjustment**

Currently, the offering documents of the Relevant Funds state that the adjustment rate will not exceed 1% of the net asset value per unit of the Relevant Funds/classes of the Relevant Funds except under extreme market conditions.

From the Effective Date, the offering documents will be amended to provide that, under normal market conditions, the adjustment rate will not exceed 2% of the net asset value per unit of the Relevant Funds or classes (in respect of Relevant Funds with different classes); however, it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, unless with the approval of the Trustee and the SFC (if required), swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5%.

### **1.3 Renaming of the Adjustment Mechanism and clarification of its purpose**

The Adjustment Mechanism will be renamed as “**swing pricing**” (currently referred to as “**fiscal charge**” in the current offering documents) and it will be clarified in the offering documents of the Relevant Funds that the purpose of the Adjustment Mechanism is to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments (including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges) when there is net capital flow of a Relevant Fund.

## **2. Introduction of the Adjustment Mechanism to JPMorgan Asia Growth Fund, JPMorgan Asian Total Return Bond Fund, JPMorgan China Pioneer A-Share Fund, JPMorgan Evergreen Fund and JPMorgan Vietnam Opportunities Fund on a permanent basis**

In our letter dated 23 April 2020 (the “**Letter**”), we informed you that, in light of the prevailing market conditions resulting from the impact of the COVID-19 pandemic, the Manager has decided to introduce the Adjustment Mechanism to the Excluded Funds on a temporary basis.

With a view to protect interests of all investors of the Excluded Funds in potential market volatility and exceptional circumstances in the long run, the Manager has decided to allow the Adjustment Mechanism to be applied to the Excluded Funds on a permanent

basis with effect on and from the Effective Date. The Adjustment Mechanism applicable to the Excluded Funds from the Effective Date will have the same features as the one applicable to the Relevant Funds and will be known as “**swing pricing**”.

The trust deed of each Fund will also be amended by way of an amended and restated trust deed (“**Amended and Restated Deed**”) and the offering documents of the Funds will be amended to reflect the above changes where applicable.

## **PART B: Changes related to the payment method of subscription monies, redemption proceeds and distributions**

### **1. Changes in relation to the payment method of subscription monies**

Currently, investors who subscribe for units of the Funds directly through the Manager<sup>1</sup> shall make payment for subscription of units of the Funds to the Manager by telegraphic/bank transfer unless otherwise agreed by the Manager. In limited circumstances and with the consent of the Manager, payment may be made by cheque in accordance with the requirements set out in the offering documents of the Funds.

With a view to promote the use of telegraphic/bank transfer, the Manager will no longer accept cheque for payment of subscription monies from the Effective Date.

Please note that applicants are required to pay any bank or other administrative charges arising from telegraphic/bank transfers. The subscription amount should be transferred net of any bank and other administrative charges.

### **2. Changes in relation to the payment method of redemption proceeds and distributions**

Currently, redemption proceeds and distributions (if any and not reinvested) of the Funds are paid to unitholders who deal in their units directly through the Manager<sup>1</sup> by telegraphic/bank transfer where the unitholder has provided payment details for this purpose. Where the unitholder has not provided bank payment details or where otherwise agreed with the Manager, subject to the arrangement of the relevant banks, redemption proceeds and distribution payment may be paid by cheque.

With a view to promote the use of telegraphic/bank transfer, the Manager will no longer make payment of redemption proceeds and distributions by cheque from the Effective Date. Where the unitholder has not provided bank payment details for telegraphic/bank transfer or the bank payment details provided are incorrect, such redemption request will not be considered as a duly completed request and payment of redemption proceeds will only be made upon the unitholder providing the correct bank payment details, and distributions will, by default, continue to be reinvested in the subscription of further units of the corresponding Class of units of the Fund, unless in the opinion of the Manager, subscription of further units by the unitholder may have adverse regulatory, tax or fiscal consequences for, or otherwise be detrimental to the interests of, the Fund.

---

<sup>1</sup> The dealing procedures described in the offering documents of the Funds and in this notice are only applicable to dealings made through JPMorgan Funds (Asia) Limited. Other distributors may have different dealing procedures. As such, investors who intend to subscribe, redeem or switch units through a distributor other than JPMorgan Funds (Asia) Limited should consult the relevant distributor to find out the dealing procedures that are applicable to them.

Therefore, redemption proceeds will be withheld, and distributions will be reinvested automatically or, where reinvestment is not appropriate in the circumstances as mentioned in the preceding paragraph, withheld after the Effective Date if the unitholder has not provided correct bank payment details for telegraphic/bank transfer before the Effective Date. In particular, unitholders are advised to ensure that their bank payment details maintained with the Manager are multicurrency bank accounts before the Effective Date in order for redemption proceeds and distributions in the relevant currencies to be paid into their bank accounts. Investors who wish to check or update their bank payment details may do so on JPMorgan eTrading Platform ([etrading.jpmorganam.com.hk](http://etrading.jpmorganam.com.hk)) or contact the Manager through our J.P. Morgan Funds InvestorLine on (852) 2265 1188.

Please note that unitholders may be liable for any bank charges on payment by telegraphic/bank transfer.

It will also be clarified in the offering documents that any distribution which is not claimed for six years from the payment date will be forfeited and becomes part of the assets of the relevant Class (and in case such relevant Class has been terminated, the Fund). For example, where reinvestment of the distribution by the unitholder may have adverse regulatory, tax or fiscal consequences for, or otherwise be detrimental to the interests of, the Fund and the unitholder has not provided correct bank payment details for telegraphic/bank transfer, after six years from the payment date, such distribution will be forfeited and becomes part of the assets of the relevant Class.

## **PART C: Other Changes**

### **1. Clarification in relation to reinvestment of distributions**

It will be clarified in the offering documents of the Funds that where subscription of further units by a unitholder may, in the opinion of the Manager, have adverse regulatory, tax or fiscal consequences for, or otherwise be detrimental to the interests of, the Fund, such unitholder will receive payment of distributions instead of having the distributions reinvested automatically in the subscription of further units.

### **2. Clarification in relation to the authentication procedure applicable to distributions**

It will be clarified in the offering documents that the Manager may at its discretion carry out any authentication procedures that it considers appropriate relating to dividend payments. This aims to mitigate the risk of error and fraud for the Funds, their agents or unitholders. Where any authentication procedures are not completed to the Manager's satisfaction, the Manager may delay the processing of payment instructions to a date later than the envisaged dividend payment date when such authentication procedures have been completed to its satisfaction.

If the Manager is not satisfied with any verification, confirmation or other process under the authentication procedures, it may decline to execute the relevant dividend payment until such satisfaction is obtained. Neither the Manager nor the Funds shall be held responsible to the unitholder or any person if the Manager delays execution or declines to execute dividend payments under the above circumstances.

### 3. Amendments to the Trust Deed of each Fund in relation to electronic dissemination of documents

With effect from the Effective Date, The Trust Deed of each Fund will be amended to provide the flexibility that notice, communication or other documents related to the Fund (the “**Product Documents**”) may be disseminated to unitholders electronically (“**E-Dissemination Arrangement**”).

For investors who invest in the Funds through JPMorgan Funds (Asia) Limited, JPMorgan Funds (Asia) Limited has no specific timeline for the implementation of E-Dissemination Arrangement and you will continue to receive Product Documents in paper form. You will receive separate advance notice prior to the adoption of E-Dissemination Arrangement.

For investors who invest in the Funds through other distributors, since the arrangements of each distributor may be different, please contact the relevant distributor in relation to the procedures of E-Dissemination Arrangement that are applicable to you.

### 4. Other amendments to the Trust Deed of each Fund

The provisions in the Trust Deed of each Fund in relation to modification of the Trust Deed will be amended to better align with the prevailing regulations, which shall take immediate effect.

### 5. Enhancement of disclosures in the offering documents of the Funds

Other enhancement of disclosures and miscellaneous amendments have been made in the offering documents of the Funds, including risk disclosures.

Save as disclosed above, there will be no implications on the features and risks applicable to the Funds or change in the operation and/or manner in which the Funds are being managed or change in the fee level/cost in managing the Funds. The above changes will not materially prejudice the interests of existing investors of the Funds.

The legal and other administrative costs associated with the changes in Part A and Part B above, estimated to be approximately USD 24,000 and USD 20,600 respectively, will be borne by the Funds equally.

If, as a consequence of the changes above, you wish to redeem or switch your holding in the Funds into any other funds which are managed by JPMorgan Funds (Asia) Limited or for which it acts as Hong Kong representative<sup>2</sup> and which are authorised by the Securities and Futures Commission (“**SFC**”) for sale to the public in Hong Kong, you may do so free of charge during the waiver period between 13 June 2022 and 22 July 2022<sup>3</sup>. Details of such funds (including the relevant offering documents) can be found on our website [am.jpmorgan.com/hk](http://am.jpmorgan.com/hk)<sup>4</sup>. SFC authorisation is not a recommendation or endorsement of a

<sup>2</sup> Please note that, as provided in the relevant offering documents of the funds, the manager or the Hong Kong representative (as applicable) of each such fund has the discretion to accept or reject in whole or in part any application for units or shares (as the case may be) in the fund.

<sup>3</sup> Please note that although we will not impose any charges in respect of your redemption/switching instructions, your bank, distributor or financial adviser may charge you redemption/switching and/or transaction fees and may impose different dealing arrangements. You are advised to contact your bank, distributor or financial adviser should you have any questions.

<sup>4</sup> The website has not been reviewed by the SFC.

fund nor does it guarantee the commercial merits of a fund or its performance. It does not mean the fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The current trust deed of each Fund is available for inspection free of charge during normal working hours at the registered office of JPMorgan Funds (Asia) Limited<sup>5</sup>. The current offering documents of the Funds are available free of charge upon request during normal working hours at the registered office of JPMorgan Funds (Asia) Limited<sup>5</sup>, and on our website [am.jpmorgan.com/hk](http://am.jpmorgan.com/hk)<sup>4</sup>. The Amended and Restated Deeds and revised offering documents of the Funds reflecting the above amendments will be available on or after the date of the notice and the Effective Date respectively.

The Manager of the Funds accepts responsibility for the accuracy of the content of this letter.

If you have any questions with regard to the content of this letter or any other aspect of the Funds, please do not hesitate to contact:

- your bank or financial adviser;
- your designated client adviser, account manager, pension scheme trustee or administrator;
- our Intermediary Clients' Hotline on (852) 2265 1000;
- our distributor hotline on (852) 2978 7788; or
- if you normally deal directly with us, our J.P. Morgan Funds InvestorLine on (852) 2265 1188.

Yours faithfully,  
For and on behalf of  
JPMorgan Funds (Asia) Limited



Edwin TK Chan  
Director

---

<sup>5</sup> The registered office of JPMorgan Funds (Asia) Limited is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.