

# A Message from Your Company's Board

Account number:

Dear

This is to notify you that JPMorgan Fund ICVC – JPM UK Higher Income Fund, a fund in which you own shares, is proposed for Merger into JPMorgan Fund II ICVC – JPM UK Equity Income Fund.

- For this Merger to take effect, an extraordinary resolution must be passed at an Extraordinary General Meeting (“EGM”) of Shareholders. It is important that you exercise your right to vote, either by attending in person or by using the enclosed Form of Proxy.
- If passed, this Merger will occur as described in the Scheme provided in Appendix I.

Please take a moment to review the important information below, including the “Reason for Merger” section and “Impact – Potential Drawbacks” section which reflects that your ongoing charge may initially be higher as a result of this Merger. If you still have questions, please contact your usual J.P. Morgan Asset Management representative or call our Client Administration Centre. **You have a number of options, all of which are explained below.**



**Andrew Lewis** for and on behalf of JPMorgan Funds Limited, as Authorised Corporate Director (the “ACD”)

## STEP 1: Notice of Extraordinary General Meeting - please vote by 15<sup>th</sup> January 2020 at 10:00am

The meeting will be held at the location and time stated in the right-hand column.

### *Extraordinary resolution for Shareholder Vote:*

1 That the Scheme of Arrangement (the “Scheme”) for the Merger of your fund with JPMorgan Fund II ICVC - UK Equity Income Fund, the terms of which are set out in a document dated 27<sup>th</sup> November 2019 and addressed by JPMorgan Funds Limited (the “ACD”) to Shareholders in your fund, is hereby approved and that the ACD and NatWest Trustee and Depositary Services Limited, the depositary of the Company, are hereby instructed to implement the Scheme in accordance with the terms, as presented in Appendix I of this letter.

### THE MEETING

**Location** 60 Victoria Embankment, London EC4Y 0JP

**Date and time** 17<sup>th</sup> January 2020 at 10:00am

**Quorum** Two shareholders, in person or by proxy. If quorum is not met within 15 minutes after the time, the EGM will be adjourned to 10:00am on 24<sup>th</sup> January 2020 at the same location. If at such adjourned EGM quorum is not met within 15 minutes after the time, one person entitled to be counted in a quorum at the EGM shall be a quorum.

**Voting threshold** The resolution will be passed by a majority of not less than 75% of the votes cast at the EGM. For further information please see ‘Additional Information’ below.

**Voting result** Will be made available at:

<http://am.jpmorgan.co.uk/investor/>

### THE FUND

**Company** JPMorgan Fund ICVC

**Legal form** Open Ended Investment Company (“OEIC”)

**Fund type** UCITS

**Your fund** JPM UK Higher Income Fund

**Receiving Fund (fund into which your fund is merging)** JPMorgan Fund II ICVC - JPM UK Equity Income Fund

**ADDITIONAL INFORMATION**

You may vote in person or by appointing a proxy, however, please ensure you follow the result of the vote.

- **To vote by proxy**, use the enclosed Form of Proxy or Form of Direction (for ISA account holders).

Your vote must be deposited with **Paragon, Enterprise House Unit 15, Rolling Mill Road, Jarrow, NE32 3DP** no later than **15<sup>th</sup> January 2020 at 10:00am**. Please note that if we do not receive your Form of Proxy by this date, your vote will not count.

- **To vote in person**, attend the meeting in person. **Completion of a Form of Proxy will not prevent you attending the meeting and voting in person.**

**STEP 2: Fund Merger - option to take action ends 11<sup>th</sup> February 2020 at 11:59am**

**Reason for Merger** While your fund and the Receiving Fund have similar investment objectives and policies, the ACD believes the Receiving Fund has potential for better overall performance (combined capital appreciation and income), with only a moderate reduction in yield due to its more flexible investment approach.

**If the proposed Merger is approved**, the Scheme will be binding on each Shareholder in your fund whether or not they voted in favour of the Extraordinary Resolution or at all. On the Business Day following the EGM, your fund may commence the rebalancing process as described in point 3.3 of the Scheme as set out in Appendix I.

**If the proposed Merger is not approved**, your fund will continue to be managed without change and the ACD may consider other available options.

**THE MERGER**

**Merger date** 15<sup>th</sup> February 2020

**Deadline for receipt of switch/redemption orders** 11th February 2020 at 11:59am

**Your fund** JPM UK Higher Income Fund

**Receiving Fund (fund into which your fund is merging)** JPMorgan Fund II ICVC - JPM UK Equity Income Fund

**Client Administration Centre**

J.P. Morgan Asset Management

Client Administration Centre

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Issued by JPMorgan Funds Limited, authorised and regulated by the Financial Conduct Authority

Registered in Scotland No. SC019438

**Address** 3 Lochside View, Edinburgh Park, Edinburgh EH12 9DH (Do Not Use for Correspondence)

**YOUR OPTIONS**

**1 If you are comfortable with the Merger, and it is approved, your shares will automatically be exchanged for shares of the Receiving Fund on the Merger date.** Any shares of your fund that you still own after the deadline will be exchanged for shares of the Receiving Fund.

**2 Switch your investment to another fund in our OEIC range.** We must receive your dealing instructions by the deadline shown in the right-hand column. Be sure to read the Key Investor Information Document (KIID) for any fund you are considering switching into, and for further information, the prospectus.

**3 Redeem your investment.** We must receive your dealing instructions by the deadline shown in the right-hand column. In the instance that we require additional documentation from you to release proceeds, we will write to you with our requirements.

**Regardless of which option you choose, you will not be charged any redemption or switch fees.**

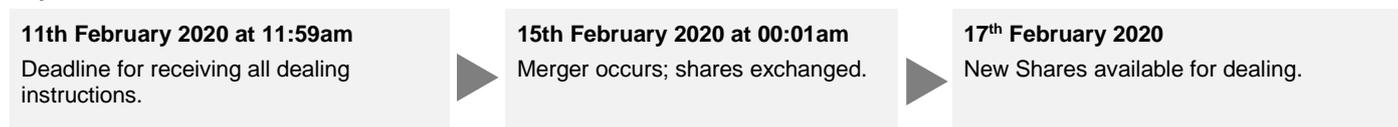
**You may want to review these options with your tax adviser and your financial adviser as all options could have tax consequences.** Note for UK tax resident investors, option 1 should not constitute a disposal of shares in your fund for UK capital gains tax purposes. New Shares issued under the Scheme in the Receiving Fund will be deemed to have the same acquisition cost and acquisition date for the purposes of UK capital gains tax as the shares you originally acquired.

## Merger timeline and impact

This section outlines key information relating to the Merger. Further information is contained in the detailed fund comparison that follows as well as in the relevant prospectus and KIIDs.

The detailed Scheme, setting out the process for the Merger, is included in Appendix I.

### Key Dates



When the Merger occurs, all assets, and liabilities of your fund will be transferred to the Receiving Fund. An application will be made to the FCA for the termination of your fund to commence as soon as possible after the Merger has taken place.

If the proposed Merger is approved, the current annual accounting period of your fund will end on the day before the Effective date of the Merger. Any income earned up to the Effective date of the Merger will be paid to holders of Income Shares within 3 months of the Merger date. The income entitlement of holders of Accumulation shares will be credited to capital and allocated to Accumulation shares and will be taken into account when calculating the value of New Shares in the Receiving Fund to be issued to such holders under the Scheme.

All shares remaining in your fund at the Merger date will be exchanged free of charge for shares in the equivalent share class of the Receiving Fund, based on the net asset value per share in effect that day for both funds.

The value of the shares you own in your fund and the New Shares you receive in the Receiving Fund will be the same but you may receive a different number of shares.

### Impact

<b>Key differences in investment policy between your fund and the Receiving Fund</b>	<ul style="list-style-type: none"> <li>• The Receiving Fund has a more flexible investment approach in a more concentrated portfolio.</li> <li>• The Receiving Fund will invest in smaller companies to a greater extent compared with your fund.</li> <li>• The dividend distributions in your fund are paid semi-annually whereas the dividend distributions in the Receiving Fund are paid quarterly.</li> </ul>
<b>Potential benefits</b>	<ul style="list-style-type: none"> <li>• The ACD believes the Receiving Fund has potential for better overall performance (combined capital appreciation and income).</li> </ul>
<b>Potential drawbacks</b>	<ul style="list-style-type: none"> <li>• When compared to your fund the Receiving Fund may deliver a moderately lower yield.</li> <li>• The Receiving Fund may be more aggressively managed than your fund which may result in increased volatility.</li> <li>• The ACD fee and maximum operating expenses (capped at 0.15%) are the same for your fund and the Receiving Fund. However, the published ongoing charge for the A and C share classes of the Receiving Fund are slightly higher as set out under the "Ongoing charge" section below. After the Merger, the Receiving Fund will benefit from the increase in assets under management which will reduce its operating expenses and accordingly the ongoing charges should fall.</li> <li>• One-time expenses associated with trading, transferring and reinvesting your fund's assets, which are estimated to be around 0.37%, will be borne by your fund</li> <li>• On the Merger date, and during the three Business Days before that, you will not be able to subscribe for, switch or redeem shares in your fund.</li> </ul>
<b>Other considerations</b>	<ul style="list-style-type: none"> <li>• Your fund will not bear any legal, advisory or administrative costs associated with the Merger.</li> <li>• Whilst the portfolios for both funds are comparable, rebalancing of the assets will be required in preparation for the Merger.</li> <li>• Performance information for your fund and the Receiving Fund can be found in the relevant KIID or factsheet which is available from the document library at <a href="http://www.jpmorgan.co.uk/investor">www.jpmorgan.co.uk/investor</a>.</li> </ul>

## Fund comparison

This table compares the relevant information for your fund with that of the Receiving Fund. Unless stated otherwise, terms in this table have the same meaning as in the relevant prospectus.

- **Information that appears in a box** is information that is particular to the fund named at the top of that column.
- **Information that crosses both columns** is information that is the same for both funds.

### JPMorgan Fund ICVC – JPM UK Higher Income Fund

### JPMorgan Fund II ICVC – JPM UK Equity Income Fund

Investments and Risks	
<b>Objectives and investment policies</b>	<p>To provide income and prospects of capital growth by investing primarily in Equity and Equity-Linked Securities of UK companies. The Fund aims to provide a higher income yield than the yield on the FTSE™ All-Share Index.</p> <p>UK companies are companies that are incorporated under the laws of, and have their registered office in, the UK, or that derive the predominant part of their economic activity from the UK, even if listed elsewhere. Smaller companies may be held on an ancillary basis.</p> <p>Financial Derivative Instruments may be used for the purpose of Efficient Portfolio Management, including hedging, where appropriate.</p> <p>Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.</p> <p>The Fund will invest predominantly in assets denominated in Sterling. However, assets may be denominated in other currencies and non-Sterling currency exposure will not normally be hedged back to Sterling.</p> <p>The Fund seeks to assess the risks presented by certain environmental, social and governance factors. While these particular risks are considered, securities of issuers presenting such risks may be purchased and retained by the Fund.</p>
<b>Risk and reward category</b>	<p>All classes: Category 5</p> <p><i>Note: risk is measured on a 7-point scale, where Category 1 indicates lower risk (but is not risk-free) and lower potential reward and Category 7 indicates higher risk and higher potential reward.</i></p>
<b>Risk factors</b>	<ul style="list-style-type: none"> <li>• As the portfolio of the Fund is primarily focused on generating income, it may bear little resemblance to the composition of its Benchmark.</li> <li>• This Fund charges the annual fee of the Authorised Corporate Director (ACD) against capital, which will increase the amount of income available for distribution to Shareholders, but may constrain capital growth. It may also have tax implications for certain investors.</li> <li>• The value of your investment may fall as well as rise and you may get back less than you originally invested.</li> <li>• The value of Equity and Equity-Linked Securities may fluctuate in response to the performance of individual companies and general market conditions.</li> <li>• The single market in which the Fund primarily invests, in this case the UK, may be subject to particular political and economic risks and, as a result, the Fund may be more volatile than more broadly diversified funds.</li> </ul>

<b>Benchmark</b>	FTSE All-Share Index (Net)			
	The Benchmark is a performance target. The Fund seeks a yield in excess of the Benchmark but its holdings in securities are not constrained by the Benchmark. The Benchmark has been chosen as it reflects the Fund's investment strategy and income yield objective.			
<b>Base currency</b>	GBP			
<b>Charges</b>				
<b>Maximum entry charge</b>	A Shares: Nil B Shares: Nil C Shares: Nil			
<b>Maximum exit charge</b>	All share classes: Nil			
<b>Annual Fee of ACD</b>	A Share class – 1.20% B Share class – 0.80% C Share class – 0.60%			
<b>Operating Expenses</b>	All share classes: 0.15% max p.a			
<b>Performance fee</b>	All share classes: None			
<b>Ongoing charge</b>	JPM A - Net Acc - GBP	1.27%	JPM A - Net Acc - GBP	1.35%
	JPM A - Net Inc - GBP	1.32%	JPM A - Net Inc - GBP	1.35%
	JPM B - Net Acc- GBP	0.95%	JPM B - Net Acc- GBP	0.95%
	JPM B - Net Inc - GBP	0.95%	JPM B - Net Inc - GBP	0.95%
	JPM C - Net Acc - GBP	0.71%	JPM C - Net Acc - GBP	0.75%
	JPM C - Net Inc - GBP	0.71%	JPM C - Net Inc - GBP	0.75%

\*See "Impact – Potential Drawbacks" section for further information on the Ongoing charge after the merger.

#### ADDITIONAL INFORMATION

- We strongly encourage you to either attend the EGM and vote in person or **complete and return the enclosed Form of Proxy in the pre-paid envelope provided**. If you choose to vote by completing the Form of Proxy, it must be received by 10:00am on 15<sup>th</sup> January 2020.
- The resolution will be proposed as an "Extraordinary Resolution" and must be carried by a majority in favour of not less than 75% of the votes validly cast at the meeting (persons who are Shareholders on 31<sup>st</sup> October 2019, but excluding persons who are known to the ACD not to be Shareholders at the time of the meeting, are entitled to vote and be counted in the quorum) in respect of those Shares. Once passed an Extraordinary Resolution is binding on all Shareholders whether or not they voted in favour of the Extraordinary Resolution.
- NatWest Trustee and Depositary Services Limited, the Depositary, has appointed Andrew Lewis (or failing him any other duly appointed representative of the Authorised Corporate Director (the "ACD")) to be chairman of the EGM.
- In view of the importance of the proposal, the chairman of the EGM will order a poll to be taken in respect of the resolution. On a poll, the voting rights attached to each Share are such proportion of the voting rights attached to all of the Shares in issue that the price of the Share bears to the aggregate price of prices of all Shares in issue. A Shareholder entitled to more than one vote on a poll need not, if he votes, use all his votes or cast all the votes he uses the same way.
- The ACD may not be counted in the quorum for the EGM. Neither the ACD nor any associate of the ACD is entitled to vote at the EGM except in respect of Shares which the ACD or an associate holds on behalf of, or jointly with, a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.
- For Shares held jointly the vote of the senior Shareholder who votes must be accepted to the exclusion of the other joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register of Shareholders.
- If a quorum is not present within 15 minutes of the time appointed for the EGM the EGM will be adjourned to 10:00am on 24<sup>th</sup> January 2020.

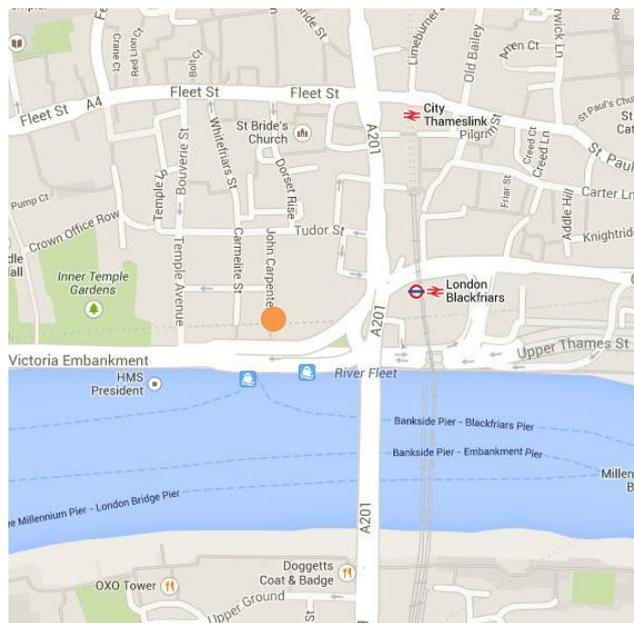
- The enclosed Form of Proxy will remain valid for any adjourned EGM (if required), unless expressly revoked.
- You may switch or redeem your holding to another JPMorgan Fund ICVC fund free of charge if you do not wish your holding to be considered for the Merger, provided JPMorgan receives your valid dealing instruction before 11:59am on 11<sup>th</sup> February 2020.
- All Shares in the Merging Fund as at close of business on 14<sup>th</sup> February 2020 will be exchanged for New Shares in the Receiving Fund.
- Note that all other switch and redemption conditions and restrictions in the prospectus still apply.
- If you have any questions or require further information, please contact the Client Administration Centre. Please note that we do not provide financial or tax advice.

**KEY DATES & LOCATION OF THE MEETING**



\*if resolution passed

**Note:** If you would like to attend the Extraordinary General Meeting to be held at 60 Victoria Embankment, London, EC4Y 0JP on 17<sup>th</sup> January 2020, please find directions below:



## APPENDIX I: The Scheme

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This section details the Scheme for the proposed Merger of the Merging Fund with the Receiving Fund.

### 1. Definitions and Interpretation

- 1.1 In this Scheme, unless the context otherwise requires, words and terms have the meanings set out in the Glossary to this document in Appendix II
- 1.2 In addition, where relevant in the context, terms which are defined in the FCA Rules or the OEIC Regulations shall have the same meaning in this Scheme.
- 1.3 References to paragraphs are to paragraphs of the Scheme.
- 1.4 If there is any conflict between the Scheme and the Instrument of Incorporation or Prospectus of the Company, the Instrument of Incorporation or the Prospectus will prevail. If there is any conflict between the Scheme and the FCA Rules, then the FCA Rules will prevail.

### 2. The Proposed Merger

- 2.1 The ACD proposes that the Merging Fund be merged with the Receiving Fund as set out in this Appendix.

### 3. Approval of Shareholders

- 3.1 The proposed Merger of the Merging Fund with the Receiving Fund is conditional upon the passing of an Extraordinary Resolution at the EGM, by which Shareholders approve the Scheme and authorise the implementation of the proposed Merger of the Merging Fund with the Receiving Fund.
- 3.2 If the Extraordinary Resolution is passed, the Merger will be binding on all Shareholders, whether or not they vote in favour of it or vote at all, and the Scheme will be implemented as set out in the following paragraphs.
- 3.3 If the proposed Merger of the Merging Fund with the Receiving Fund is approved by Shareholders of the Merging Fund, the ACD shall, in order to facilitate the implementation of the Scheme, thereafter manage the Merging Fund with a view to ensuring that the assets of the Merging Fund shall, immediately prior to the Effective Date, be consistent with the investment objective and policy of the Receiving Fund.

### 4. Cessation of dealing in the Merging Fund

In order to facilitate the implementation of the Scheme, dealing in Shares in the Merging Fund will cease from 11.59 three Business Days before the Effective Date (which is expected to be 11<sup>th</sup> February 2020).

### 5. Income allocation arrangements

- 5.1 The current annual accounting period of the Merging Fund will end at 23.59 on the day before the Effective Date.
- 5.2 The actual and estimated income (if any) available for allocation in respect of the period from the end of the previous accounting period to 14<sup>th</sup> February 2020 will be allocated to Shares in the Merging Fund.
- 5.3 All such available income allocated to Income Shares will be transferred to the distribution account of the Merging Fund and distributed to Shareholders (rateably in accordance with the number of Shares held by each of them respectively immediately prior to the Effective Date) within 3 months of the Effective Date. For the avoidance of doubt income so allocated shall not be included in the Fund Value which is used to calculate the number of New Shares to be issued under the Scheme.

- 5.4 All such available income allocated to Accumulation Shares will be transferred to the capital account of the Merging Fund and allocated to the Accumulation Shares (being reflected in the value of those Shares). Shareholders will receive distribution tax vouchers in respect of the income accumulated within 3 months of the Effective Date. The income so allocated to those Shares will be included in the Fund Value which is used to calculate the number of New Shares to be issued under the Scheme.
- 5.5 Any distributions in respect of the Merging Fund which are unclaimed six months from the Effective Date together with any unclaimed distributions in respect of previous accounting periods and any interest on these distributions shall be transferred to the Depositary. The Depositary shall hold such distributions, in a separate account, on the basis that such distributions shall not form part of the property of the Receiving Fund. However, any distributions which are unclaimed six years from the respective original dates of payment (together with any interest arising on such distributions as it accrues) shall be transferred by the Depositary (or its successor as depositary of the Receiving Fund) and will become part of the capital property of the Receiving Fund. Thereafter, neither the Shareholder nor any successor will have any right to it except as part of the capital property.

## 6. Calculation of the value of the Merging Fund and the Receiving Fund

- 6.1 The value of the Merging Fund (the "Fund Value") shall be calculated in accordance with the Company's Instrument of Incorporation at 00.01am on 15<sup>th</sup> February 2020 using the valuation carried out at 12 noon on 14<sup>th</sup> February 2020, less the income allocated to the Income Shares as set out in 5.3 above and any Retained Amount.
- 6.2 The value of the Receiving Fund shall be calculated in accordance with the Instrument of Incorporation of JPMorgan Fund II ICVC at 00.01am on 15<sup>th</sup> February 2020 using the valuation carried out at 12 noon on 14<sup>th</sup> February 2020.
- 6.3 In the event that the Fund Value or the value of the Receiving Fund moves significantly between the valuations which are carried out at 12 noon on 14<sup>th</sup> February 2020 and 00.01am on 15<sup>th</sup> February 2020, there may be a revaluation.
- 6.4 These valuations will be used to calculate the number of New Shares to be issued to each Shareholder under paragraph 8.

## 7. Transfer of property of the Merging Fund to the Receiving Fund and issue of New Shares

- 7.1 As at and from 00.01am on the Effective Date: 15<sup>th</sup> February 2020.
- 7.1.1 the Depositary shall cease to hold the property of the Merging Fund (less the Retained Amount referred to in 11.2 below and subject to the income allocation arrangements set out in paragraph 5 above) as attributable to the Merging Fund, and shall hold the property as attributable to the Receiving Fund (the "Transferred Property") and the Depositary shall make or ensure the making of, such transfers and redesignations as may be necessary as a result. The Transferred Property will be full payment for the New Shares issued to Shareholders, who will be treated as exchanging their Shares for New Shares.
- 7.1.2. the ACD will issue New Shares in the Receiving Fund to Shareholders who are registered immediately prior to the Effective Date as holding Shares in the Merging Fund, free of any initial charge on the basis set out in paragraph 8 below
- 7.1.3 all Shares in the Merging Fund will be deemed to be cancelled and will cease to be of any value.
- 7.2 Shareholders in the Merging Fund will receive New Shares in the Receiving Fund in accordance with the Class of Shares they currently hold in the Merging Fund, as follows:

### Shares

Class A net accumulation  
 Class A net income  
 Class B net accumulation  
 Class B net income  
 Class C net accumulation  
 Class C net income

### New Shares

Class A net accumulation  
 Class A net income  
 Class B net accumulation  
 Class B net income  
 Class C net accumulation  
 Class C net income

**8. Basis for the issue of New Shares**

- 8.1 New Shares will be issued to each Shareholder to the value of that Shareholder's individual entitlement to the Fund Value as at 00.01 a.m. on the Effective Date.
- 8.2 The value of each Shareholder's holding in the Receiving Fund immediately after the proposed Merger will be the same as that in the Merging Fund immediately before the proposed Merger.
- 8.3 The number of New Shares to be issued to each Shareholder will (if necessary) be rounded up to the nearest one-thousandth of a New Share at the ACD's expense (which will, as soon as practicable after the Effective Date, accordingly pay into the Receiving Fund an amount equal to the value of the additional New Shares issued as a result of the rounding up).
- 8.4 The formula used in calculating a Shareholder's entitlement to New Shares will be available on request.

**9. Notification of the New Shares issued under the Scheme**

- 9.1 Each Shareholder will be notified of the number and class of New Shares issued under the Scheme. It is intended that this notification will be despatched within 10 days of the Effective Date by post to the Shareholder's address appearing in the Register of Shareholders (or, in the case of joint Shareholders, to the first-named). Upon despatch of such notifications, any documentation confirming ownership of Shares in the Merging Fund will cease to be valid. Certificates will not be issued in respect of New Shares.
- 9.2 Transfers or redemptions of New Shares issued under the Scheme may be effected from 17<sup>th</sup> February 2020.

**10 Mandates and other instructions in respect of Shares**

Mandates and other instructions to the ACD in force immediately prior to the Effective Date in respect of Shares will be deemed to be effective in respect of New Shares issued under the Scheme and in respect of other later acquired Shares, if relevant. Shareholders may change these mandates or instructions at any time by providing the ACD with written notification.

**11. Termination of the Merging Fund**

- 11.1 In due course and conditional upon the approval of the FCA, the Merging Fund will be terminated in accordance with the terms of the Company's Instrument of Incorporation and Prospectus, the Scheme, the FCA Rules and the OEIC Regulations.
- 11.2 The Retained Amount (which will be made up of cash and other assets, if necessary) and any income arising on it, will be used by the Depositary (in its capacity as depositary of the Merging Fund) to pay outstanding liabilities of the Merging Fund in accordance with the directions and instructions of the ACD, provisions of the Instrument of Incorporation and Prospectus of the Company, the FCA Rules and the OEIC Regulations.
- 11.3 If, on the completion of the termination of the Merging Fund there are any surplus monies remaining in the Merging Fund, they, together with any income arising therefrom, shall be transferred to the Receiving Fund. No further issue of New Shares shall be made as a result. The Depositary shall cease to hold the Retained Amount in its capacity as depositary of the Merging Fund and shall hold it in its capacity as depositary of the Receiving Fund and shall make such transfers and re-designations as may be necessary as a result.
- 11.4 If the Retained Amount is insufficient to discharge all the liabilities of the Merging Fund, the Depositary in its capacity as depositary of the Receiving Fund, under the direction and / or instruction of the ACD and where permitted by the FCA Rules and the OEIC Regulations, may pay the amount of the shortfall out of the Scheme property of the Receiving Fund in accordance with the OEIC Regulations and the FCA Rules. Any excess liabilities which cannot be so paid out of the Scheme property of the Receiving Fund shall be paid by the ACD.
- 11.5 On completion of the termination of the Merging Fund, the Depositary (in its capacity as depositary of the Merging Fund) and the ACD will be discharged from all their obligations and liabilities in respect of the Merging Fund, except those arising from a breach of duty before that time.
- 11.6 If after the completion of the termination of the Merging Fund contingent assets should arise that were not recognised or only partly recognised by the ACD and the Depositary at the Effective Date, such assets will be transferred to the Receiving Fund less any costs that the ACD or the Depositary might incur in securing these assets for the Receiving Fund

**12. Costs, charges and expenses**

- 12.1 The Depositary (in its capacity as depositary of the Merging Fund) and the ACD will continue to receive their usual fees and expenses for being the depositary and the ACD respectively of the Merging Fund out of the property of the Merging Fund which fall due or are incurred prior to the Effective Date or, in the case of permitted expenses only, are incurred in connection with the Scheme or on the termination of the Merging Fund after the Effective Date
- 12.2 The costs of rebalancing the assets in the underlying portfolio of the Merging Fund will be borne by the Merging Fund.
- 12.3 All costs and expenses associated with bringing this proposal to Shareholders' attention, the costs of convening and holding the EGM (and any adjourned EGM), the costs relating to the transfer of the Transferred Property to the Receiving Fund and the costs of terminating the Merging Fund if the Scheme is approved will be borne by the ACD. These include the fees and expenses of professional advisers and printing costs.
- 12.4 The ACD shall not be entitled to make any initial charge in respect of the New Shares in the Receiving Fund created and issued pursuant to the Scheme.

**13. The ACD and the Depositary to rely on register and certificates**

- 13.1 The ACD and the Depositary shall each be entitled to assume that all information contained in the Register of Shareholders of the Merging Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Shares to be issued and registered pursuant to the Scheme.
- 13.2 The ACD and the Depositary shall each be entitled to act and rely upon any certificate, opinion, evidence or information furnished to it by the other or by its respective professional advisers or by the Auditor in connection with the Scheme and shall not be liable or responsible for any resulting loss.

**14. Alterations to the Scheme**

- 14.1 The ACD, with the agreement of the Depositary, may determine (in particular, in the event of the EGM being rescheduled, to consider and vote on the Extraordinary Resolution in relation to the Merger proposal), with notification to the FCA, that the Effective Date of the proposed Merger is to be other than as set out in this document, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as the ACD considers appropriate.
- 14.2 There may be circumstances beyond the control of either the ACD or the Depositary which mean that it is not possible or practicable to effect the Scheme in relation to the Merging Fund. In these circumstances, the ACD and the Depositary will, with notification to the FCA, continue to operate the Merging Fund as an authorised fund until such time as it is practicable to effect the proposed Merger, which will be done on the terms of the Scheme and with such consequential adjustments to the timetable as the ACD and the Depositary consider appropriate.
- 14.3 The terms of the Scheme may be amended as determined by the ACD and the Depositary, subject to notification to the FCA.

**15. Governing law**

The Scheme is governed by and shall be construed in accordance with the laws of England and Wales.

## APPENDIX II: Glossary of Terms used in the Scheme

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The following definitions apply throughout this document unless the context otherwise requires.

<b>Accumulation Shares</b>	Shares on which income is automatically rolled up in the capital value of the Share and reflected in the price of a Share;
<b>ACD</b>	JPMorgan Funds Limited, the authorised corporate director of the Company;
<b>Auditor</b>	the auditor of the Merging Fund and Receiving Fund;
<b>Business Day</b>	each weekday excluding UK public holidays;
<b>Company</b>	JPMorgan Fund ICVC, a UK authorised investment company with variable capital;
<b>COLL Sourcebook</b>	the Collective Investment Schemes Sourcebook which forms part of the FCA Handbook of Rules and Guidance as amended or re-enacted from time to time;
<b>Depository</b>	NatWest Trustee and Depository Services Limited;
<b>Effective Date</b>	the effective date of the Scheme of Arrangement under the Scheme (which is expected to be 15 <sup>th</sup> February 2020 or such other date or dates as may be agreed between the ACD and the Depository in accordance with Appendix 1 to this document);
<b>EGM</b>	The extraordinary general meeting of Shareholders of the Merging Fund to approve the Extraordinary Resolution, notice of which is set out on page 1.
<b>Extraordinary Resolution</b>	a resolution proposed at an EGM of Shareholders which, to be carried requires a majority of 75% of the votes validly cast for the resolution;
<b>FCA</b>	the Financial Conduct Authority;
<b>FCA Rules</b>	the rules contained in the FCA Handbook of Rules and Guidance (including the COLL Sourcebook) (as amended);
<b>Form of Proxy</b>	The forms provided to Shareholders to allow them to vote on the Extraordinary Resolution at the EGM.
<b>Fund Value</b>	The value of the property of the Merging Fund calculated in accordance with the Instrument of Incorporation of the Company as at 00.01am on 15 <sup>th</sup> February 2020 using the valuation carried out at 12.00 noon on 14 <sup>th</sup> February 2020, less the Retained Amount and any income allocated to Income shares;
<b>Income Shares</b>	Shares on which income is distributed to Shareholders;
<b>Investment Adviser</b>	JPMorgan Asset Management (UK) Limited, the investment adviser to the Company;
<b>Merger</b>	The Merger of the Merging Fund into the Receiving Fund;
<b>Merging Fund</b>	JPM UK Higher Income Fund, a fund of the Company;
<b>New Shares</b>	Class A, B or C net income or net Accumulation Shares in JPM UK Equity Income Fund (as appropriate);
<b>OEIC Regulations</b>	The Open-Ended Investment Regulations 2001 (as amended);
<b>Receiving Fund</b>	JPM UK Equity Income Fund, a fund of JPMorgan Fund II ICVC;
<b>Retained Amount</b>	an amount which is estimated by the ACD (after consultation with the Depository (in its capacity as depository of the Fund) and the Auditor (in its capacity as Auditor of the Fund)), to be necessary to meet the actual and contingent liabilities of the Fund and which is to be retained by the Depository (in its capacity as depository of the Fund) for the purpose of discharging those liabilities;
<b>Scheme</b>	the Scheme of Arrangement for the proposed Merger of the Merging Fund with the Receiving Fund, which is set out in Appendix 1 to this document;
<b>Share</b>	a share in the Merging Fund and/or the Receiving Fund (as appropriate); and
<b>Shareholder</b>	a holder of Shares in the Merging Fund.