

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

5 August 2016

Dear Investor,

**JPMorgan China New Generation Fund (the “Fund”)**

We are writing to inform you of the following changes to the Fund which will take effect from and including 5 September 2016 (the “Effective Date”):

**1. Change of Investment Objective and Policy, Investment Restrictions and Guidelines and Fund Name**

JPMorgan Funds (Asia) Limited, the Manager of the Fund, will change the investment objective and policy of the Fund in order to broaden its investment universe. The Fund will seek to achieve its revised investment objective and policy to provide investors with income and long-term capital growth by investing at least 70% of its non-cash assets in (a) equity securities of companies which are based in, listed on any stock exchange of, or operate principally in the PRC and that JF Asset Management Limited (the “Investment Manager”) expects to pay dividends and (b) Chinese debt securities issued and/or distributed in or outside the PRC.

Details of the changes to the investment objective and policy and investment restrictions and guidelines are set out in Appendix I attached hereto.

As a result of the change of investment objective and policy of the Fund, its name of the Fund will be changed from “JPMorgan China New Generation Fund” to “JPMorgan China Income Fund”. The trust deed of the Fund will be supplemented to reflect the change of Fund name.

**2. Addition of New Classes**

New classes of units, namely, the (mth) HKD Class, the (mth) RMB (hedged) Class and the (mth) USD Class will be added to the Fund. To differentiate your current holdings from the new classes, with effect from and including the Effective Date, the names of the classes available will be clarified as follows:

	Class
Existing Class, i.e. your current holdings	JPMorgan China Income (acc) - USD
New Class	JPMorgan China Income (mth) - HKD
New Class	JPMorgan China Income (mth) - RMB (hedged)*
New Class	JPMorgan China Income (mth) - USD

\* This class is not available in the J.P. Morgan Asset Management Investment Centre.

It is important that you clearly indicate the name of the relevant class when placing subscription, switching, and/or redemption requests.

The addition of the new classes will not have any impact on the management of the Fund or the level of fees and charges, nor will your holdings be affected in any way.

### **3. Appointment of Sub-Manager**

In view of the addition of the currency hedged classes to the Fund, JPMorgan Asset Management (UK) Limited will be appointed as the sub-manager of the Fund responsible for the currency management of the currency hedged classes.

Please refer to the risk disclosures in the updated offering document and product key facts statement for more details on the risks which are applicable to the Fund after the above changes become effective, including payment of distribution out of capital risk, below investment/lower rated or unrated investment risk, investment grade bond risk, cross-class liability risk, class currency risk and currency hedged class risk. The fee level of the Fund will remain unchanged and the fees payable to the sub-manager of the Fund will be borne by the Investment Manager.

### **4. Other Updates to the Offering Document and the Trust Deed**

In addition to the changes set out above, the trust deed will also be amended from and including the Effective Date, as follows:

- (i) The trust deed will be amended (a) to allow the Manager to issue separate classes whose assets will be commonly invested but where a specific fee structure, currency or distribution policy may be applied and (b) to reflect that the Trustee or the Manager may at any time convene a meeting of holders of units attributed to any class. The offering document of the Fund will be updated accordingly. In addition, it is currently provided in the trust deed and the offering document that, for the purpose of calculating the management fee, the net asset value shall be calculated before deduction of any management fee and trustee fee accruing to or on the relevant dealing day. In connection with the amendments to the trust deed to allow the Manager to issue separate classes as mentioned above, the trust deed will also be amended such that, for the purpose of calculating the management fee, the net asset value of the relevant Class shall be calculated before deduction of any management fee, but taking into account the trustee fee accruing to or on that dealing day. In respect of the offering document, to align with the disclosures for the other funds within the JPMorgan Funds (Unit Trust Range), the relevant disclosures will be removed.
- (ii) A clarification amendment will be made to reflect that the Trustee or the Manager shall not incur any liability for any losses or costs whatsoever or howsoever incurred or arising by or in respect of the Fund or any unitholder and shall be indemnified out of the Fund against any action, costs, claims, damages, expenses or demands arising in connection with the Fund, except for those arising out of any liability to unitholders imposed on the Trustee or the Manager (as the case may be) under the laws of Hong Kong or any breach of trust through fraud or negligence on the part of the Trustee or the Manager (as the case may be).
- (iii) A clarification amendment will be made to reflect that the Trustee shall remain liable for any act or omission of any agent, nominee, custodian or joint custodian (other than the Euro-clear System, Clearstream Banking S.A. or any other depositary or clearing system of similar standing) in relation to any assets forming part of the property of the relevant Fund deposited with such agent, nominee, custodian or joint custodian (other than as aforesaid) as if the same were the act or omission of the Trustee.

(iv) Clarificatory amendments will be made to the effect that section 41O of the Trustee Ordinance shall not apply to the extent that it is inconsistent with paragraph 16.1 of the Base Terms (which form part of the trust deed of the Fund) and/or with the Trustee's duties and responsibilities under the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, and shall not in any way operate to exempt or diminish any liability of the Trustee as set out in paragraph 4.3(A) of the Base Terms.

If, as a consequence of the above changes<sup>1</sup>, you wish to redeem or switch your holding in the Fund into any other funds which are managed by JPMorgan Funds (Asia) Limited or for which it acts as Hong Kong representative and which are authorised by the Securities and Futures Commission (the "SFC") for sale to the public in Hong Kong, you may do so free of charge during the waiver period between 5 August 2016 and 5 September 2016<sup>2</sup>. Details of such funds (including the relevant offering documents) can be found on our website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>3</sup>. SFC authorisation is not a recommendation or endorsement of a 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 offering document of the Fund is available free of charge upon request during normal working hours at the registered office of the Manager, JPMorgan Funds (Asia) Limited<sup>4</sup>, and on our website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>3</sup>. The current trust deed of the Fund is available for inspection free of charge during normal working hours at the registered office of the Manager of the Fund<sup>4</sup>. The updated offering document and the revised trust deed will be available on or after the Effective Date.

The Manager of the Fund accepts responsibility for the accuracy of the contents of this letter.

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

- your bank or financial adviser;
- your designated account manager, pension scheme trustee or administrator;
- our Intermediary Hotline on (852) 2978 7788;
- our Intermediary Clients' Hotline on (852) 2265 1000; 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



Eddy Wong  
Head of Funds Business, Hong Kong & China Retail

Encl.

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<sup>1</sup> Please note that costs and expenses associated with the changes set out in this letter, estimated to be approximately US\$29,000 will be borne by the Fund in accordance with the provisions of the trust deed.

<sup>2</sup> Please note that although we will not impose any charges in respect of your switching instructions, your bank, distributor or financial adviser may charge you switching and/or transaction fees. You are advised to contact your bank, distributor or financial adviser should you have any questions.

<sup>3</sup> The website has not been reviewed by the SFC.

<sup>4</sup> The registered office of JPMorgan Funds (Asia) Limited is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

## APPENDIX I

### 1. Changes to the investment objective and policy and investment restrictions and guidelines of the JPMorgan China New Generation Fund

- The investment objective and policy of the Fund will be changed and the relevant changes are marked-up for your ease of reference:

*“The investment objective of the Fund is to provide investors with income and long-term capital growth by investing primarily in PRC securities, including but not limited to A-Shares, of companies whose predominant business will benefit from, or is related to, growth of the domestic consumption sector in the PRC. The Fund may also invest in fixed income instruments denominated in Renminbi issued or listed in or outside the PRC, including debt securities issued by the central government of the PRC, any public or local authorities in the PRC, any quasi-governmental organizations or any corporates: at least 70% of its non-cash assets in (a) equity securities of companies which are based in, listed on any stock exchange of, or operate principally in the PRC and that the Investment Manager expects to pay dividends and (b) Chinese debt securities issued and/or distributed in or outside the PRC.”*

*The Fund will invest in PRC securities via the Qualified Foreign Institutional Investor (“QFII”) quota of the Investment Manager. For the investment in China A-Shares, the Fund may also invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect (as further described in the sub-section headed “Shanghai-Hong Kong Stock Connect” below) and/or other similar programs as approved by the relevant regulators from time to time.”*

*The Fund may invest up to 50% of its non-cash assets in onshore PRC securities via the Qualified Foreign Institutional Investor (“QFII”) quota of the Investment Manager.”*

*The Fund may invest up to 100% of its non-cash assets in certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect (as further described in the sub-section headed “Shanghai-Hong Kong Stock Connect” below) and/or other similar programs as approved by the relevant regulators from time to time.”*

*Subject to the Investment Restrictions and Guidelines, the Fund may also invest in derivatives such as forward contracts, options, warrants and futures for investment purposes and may under limited circumstances as considered appropriate by the Manager and the Investment Manager, hold substantial amounts of its portfolio in cash and cash based instruments.”*

*The Fund may invest up to 60% of its non-cash assets in Chinese debt securities issued and/or distributed in or outside the PRC, including but are not limited to bonds, money market instruments and other debt securities which are issued by the Chinese issuers such as government, quasi-government organizations, agencies, financial institutions, and other corporations, organizations or entities domiciled in the PRC. The Chinese debt securities issued and/or distributed in the PRC are traded on the listed bond markets and/or the interbank bond market in the PRC.”*

*The Fund may not invest more than 10% of its total net asset value in each type of the following instruments: (i) urban investment bonds<sup>1</sup> (城投債); (ii) asset backed securities (including asset backed commercial papers); and (iii) below investment grade bonds (i.e. (a) bonds rated below Baa3 by Moody’s or BBB- by Standard & Poor’s or such other terms used by international accredited rating agencies or (b) unrated bonds but their issuers are rated below Baa3 by Moody’s or BBB- by Standard & Poor’s or such other terms used by international accredited rating agencies) or unrated bonds (i.e. both the bonds and issuers are unrated by Moody’s, Standard & Poor’s or other international accredited rating agencies).”*

*Subject to the investment restrictions as stipulated in the sub-section entitled “Investment Restrictions and Guidelines” below and subject to the relevant PRC laws and regulations, the Fund may also invest in derivatives such as options, warrants and futures for investment purposes and may under limited circumstances as considered appropriate by the Manager and the Investment Manager, hold substantial amounts of its portfolio in cash and cash based instruments.”*

*The investment objective, policy and investment restrictions and guidelines of the Fund may, subject to the approval of the Trustee and/or the SFC (as applicable), vary from time to time where the Manager considers appropriate in the circumstances.”*

- Paragraph (iii) in the sub-section entitled “Investment Restrictions and Guidelines” under the section entitled “INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS” in the Explanatory Memorandum of the Fund will be changed and the relevant changes are marked-up for your ease of reference:

*“(iii) The value of the Fund’s investment in securities of the Chinese domestic securities market (a) equity securities of companies which are based in, listed on any stock exchange of, or operate principally in China and that the Investment Manager expects to pay dividends and (b) Chinese debt securities issued and/or distributed in or outside the PRC shall not be less than 70 per cent. of its non-cash assets.”*

<sup>1</sup> Urban investment bonds are debt instruments issued by local government financing vehicles (“LGFVs”) in the China listed bond and interbank bond-market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.