

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

30 September 2016

Dear Investor,

**JPMorgan Funds (SICAV Range)**

We are writing to inform you of the changes relating to the dealing and pricing arrangements of JPMorgan Funds (SICAV Range) (the “**Fund**”) and its sub-funds (the “**Sub-Funds**”) in Hong Kong which will take effect from and including 1 November 2016 (“**Effective Date**”).

**1. Change of pricing model**

To align with the global market practice and to simplify the pricing model, the pricing model of the Fund and its Sub-Funds will change from a bid/offer model to pricing based on net asset value.

Currently, shares of each Sub-Fund are issued at the offer price and are redeemed at the bid price. With effect from and including the Effective Date, the pricing model will change such that the concept of different offer and bid prices will be removed. Accordingly, shares of each Sub-Fund will be issued and redeemed at the net asset value per share as at the close of business on the relevant HK Dealing Day (as defined in the Hong Kong Offering Document of the Fund). Since switching is generally effected by way of a redemption order and a subsequent subscription order, this change of pricing model shall effectively apply to switching as well.

In connection with the change of pricing model, the offer price is currently calculated by reference to the net asset value per share, inclusive of the applicable initial charge per share. Similarly, the bid price is calculated by reference to the net asset value per share, taking into account the applicable redemption charge per share. With effect from and including the Effective Date, the manner in which the initial charge and redemption charge will be applied in the course of calculating the number of shares allocated to an investor (in the case of subscription) and the redemption monies payable (in the case of redemption) will change. Such that the initial charge and redemption charge will be deducted from the gross subscription amount and redemption monies respectively where applicable. Please note that there is no change to the maximum and current rates of the initial charge; redemption charge and switching charge applicable to each Sub-Fund.

Currently, in respect of the calculation of the offer price/bid price, the rounding adjustment will be retained by JPMorgan Funds (Asia) Limited (“**JPMFAL**”) or such other distributor appointed by JPMFAL or JPMorgan Asset Management (Europe) S.à r.l. (the “**Management Company**”) for its own benefit or use. With effect from and including the Effective Date, the following will be applicable in terms of rounding adjustment arising from issuance and redemption of shares:

For issuance of shares: the initial charge amount shall be rounded down to two decimal places or to the nearest unit of currency if the amount is in Japanese Yen and the number of shares allotted to the applicant shall be rounded to three decimal places. Where the number of shares is rounded up, the amount corresponding to rounding shall accrue to the applicant. Where the number of shares is rounded down, the amount corresponding to rounding shall accrue to the relevant Sub-Fund.

For redemption of shares: the redemption charge amount shall be rounded down to two decimal places or to the nearest unit of currency if the amount is in Japanese Yen and the amount of redemption monies shall be rounded to two decimal places or to the nearest unit of currency if the amount is in Japanese Yen. Where the amount of redemption monies is rounded up, the amount corresponding to rounding

shall accrue to the redeeming shareholder. Where the amount of redemption monies is rounded down, the amount corresponding to rounding shall accrue to the relevant Sub-Fund.

For switching of shares: the switching fee amount shall be rounded down to 2 decimal places or to the nearest unit of currency if the amount is in Japanese Yen and the number of shares or units allotted to the applicant shall be rounded to three decimal places. Where the number of shares or units is rounded up, the amount corresponding to rounding shall accrue to the applicant. Where the number of shares or units is rounded down, the amount corresponding to rounding shall accrue to the relevant fund.

## 2. Change of switching arrangement

Due to the migration of fund operating platform, the timeline of effecting switching from shares of a Sub-Fund to other fund ranges will change.

For the purposes herein, the Sub-Funds and the sub-funds of the JPMorgan Investment Funds (SICAV Range) are collectively known as funds within the “**SICAV ranges**”. The funds within the JPMorgan Fund (Unit Trust Range), the JPMorgan Provident Funds range and the JPMorgan SAR Funds range are collectively known as funds within the “**unit trust ranges**”.

### *Switching from a Sub-Fund to the unit trust ranges*

The timeline of effecting switching from a Sub-Fund to the unit trust ranges will change as follows:

<b>Current switching process</b>	<b>Switching process with effect from and including the Effective Date</b>
Normally be completed on the same HK Dealing Day (i.e. Day T) *except for Sub-Funds to be switched into JPMorgan Money Fund - HK\$.	<p>The switch-out (redemption) will be effected on the HK Dealing Day (i.e. Day T) and switch-in (allotment) will be effected on the next dealing day (i.e. Day T+1) *except for Sub-Funds to be switched into JPMorgan Money Fund - HK\$.</p> <p>In other words, switching will normally be completed on the next dealing day of the fund into which the switch is made following the HK Dealing Day on which the relevant switching order is received (i.e. Day T+1).</p>

For example, assuming that

- a shareholder of a Sub-Fund (i.e. Fund A) wishes to switch to a fund in the unit trust ranges (i.e. Fund B);
- Monday and Tuesday in a particular week are dealing days for both funds;
- he submits a duly completed switching order before the dealing deadlines of both Fund A and Fund B on Monday (Day T),

then, under the current process, such switching order would normally be completed on Day T. If the switching order is received after the dealing deadline on Day T, the switching order will be deemed to be received on Day T+1 and accordingly, under the current process, such switching order would normally be completed on Day T+1.

However, after the change of the switching process from and including the Effective Date, switching order would only be completed on Day T+1. In this connection, the redemption from Fund A will be effected on Day T, but the allocation to the Fund B will only be made on Day T+1. If the switching order is received after the dealing deadline on Day T, the switching order will be deemed to be received on Day T+1 and accordingly, such switching order would normally be completed on Day T+2.

\*There is no change to the arrangement for switching from a Sub-Fund into JPMorgan Money Fund - HK\$. Units of the JPMorgan Money Fund - HK\$ will not be purchased until JPMFAL has received the sale proceeds from the shares of the Sub-Fund to be sold, within the timeline as set out in the Hong Kong Offering Document of the Fund.

### ***Switching between the SICAV ranges and switching of share classes within the same Sub-Fund***

Please note that there is no change to the switching arrangement for switching between the SICAV ranges and switching of share classes within the same Sub-Fund. Switching between the SICAV ranges and switching of share classes within the same Sub-Fund will continue to be completed on the same HK Dealing Day (i.e. Day T).

For example, assuming that

- a shareholder of a Sub-Fund (i.e. Fund A) wishes to switch to another Sub-Fund or a sub-fund within the SICAV ranges (i.e. Fund C);
- Monday in a particular week is a dealing day for both funds;
- he submits a duly completed switching order before the dealing deadlines of both Fund A and Fund C on Monday (Day T),

there is no change to the switching arrangement, such switching order would normally be completed on Day T. If the switching order is received after the dealing deadline on Day T, the switching order will be deemed to be received on Day T+1 and accordingly, under the current process, such switching order would normally be completed on Day T+1.

The offering document of the Fund will be updated accordingly to reflect the timeline of effecting switching as mentioned above.

### **3. Change of dealing deadline**

To align our operational timeline and procedures with market practices, the dealing cut-off time of the Fund will change from 6:00 p.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time). In order for shares of a particular Sub-Fund to be issued, redeemed or switched on a particular HK Dealing Day, a subscription application or redemption or switching request (as the case may be) must be received by JPMFAL not later than 5:00 p.m. (Hong Kong time) on that HK Dealing Day or such other time agreed by JPMFAL and permitted by the directors of the Fund.

This is to allow for additional time for JPMFAL to process and finalise the dealing requests. There is no change to the valuation timeline, the calculation of the net asset value and the settlement timeline for subscription and redemption.

### **4. Change of execution rate for currency conversion**

Currently, the currency conversion for all subscriptions, redemptions and switching of a Sub-Fund in a currency other than the currency of denomination of the relevant share class is normally executed at the spot or forward rate on the Hong Kong business day following the relevant HK Dealing Day (i.e. Day T+1) determined by JPMFAL.

Due to the migration of fund operating platform, the execution rate for currency conversion will change as follows:

***For subscription or redemption of a Sub-Fund***, if the investor wishes to pay the subscription money or receive the redemption proceeds in a currency other than the currency of denomination of the relevant share class, the execution rate for currency conversion will be determined by JPMFAL on the relevant HK Dealing Day (i.e. Day T) with effect from and including the Effective Date.

***For switching between a Sub-Fund and the unit trust ranges***, the execution rate for currency conversion will be determined by JPMFAL on the relevant HK Dealing Day (i.e. Day T) with effect from and including the Effective Date.

For example, assuming that

- a shareholder of a Japanese Yen (“JPY”) denominated share class of a Sub-Fund (i.e. Fund A) wishes to switch into an Australian Dollar (“AUD”) denominated share class of a fund within the unit trust ranges (i.e. Fund B);
- he submits a duly completed switching order before the dealing deadlines of both Fund A and Fund B on Day T,

then, under the current process, the conversion from JPY into AUD is normally executed at the spot or forward rate as determined by JPMFAL on Day T+1.

However, from and including the Effective Date, the conversion from JPY into AUD will be carried out at the prevailing rate as determined by JPMFAL on Day T.

***For switching between the SICAV ranges and switching of share classes within the same Sub-Fund***, the execution rate for currency conversion will be determined by Management Company on the relevant HK Dealing Day (i.e. Day T) with effect from and including the Effective Date.

For example, assuming that

- a shareholder of a Japanese Yen (“JPY”) denominated share class of a Sub-Fund (i.e. Fund A) wishes to switch into an Australian Dollar (“AUD”) denominated share class of a sub-fund within the SICAV ranges (i.e. Fund C);
- he submits a duly completed switching order before the dealing deadlines of both Fund A and Fund C on Day T,

then, under the current process, the conversion from JPY into AUD is normally executed at the spot or forward rate as determined by JPMFAL on Day T+1.

However, from and including the Effective Date, the conversion from JPY into AUD will be carried out at the prevailing rate as determined by the Management Company on Day T.

Please note that, in carrying out the conversion as aforesaid, an applicant may be affected unfavourably by fluctuations in the exchange rates between the relevant currencies.

The Management Company or JPMFAL will charge the applicant the costs of conversion for any subscription, redemption and switching of a Sub-Fund in a currency other than the currency of denomination of the relevant share class.

## **5. Means of publication of net asset value per share and suspension notice**

Currently, the prices of shares and notice of any suspension of dealing in shares (which includes delay in payment of redemption proceeds) (“**Suspension Notice**”) of the Sub-Funds are published in two newspapers of Hong Kong, namely, The Standard and the Hong Kong Economic Times.

With effect from and including the Effective Date, the prices of shares and Suspension Notices of the Sub-Funds will no longer be published in the above newspapers. However, net asset value per share of each share class of the Sub-Funds will continue to be available on every dealing day on the website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>1</sup>.

Also, if the Management Company declares a suspension of dealing or resumption of dealing of any of the Sub-Funds, the relevant notice of such suspension of dealing will be published immediately

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<sup>1</sup> The website has not been reviewed by the Securities and Futures Commission (the “SFC”).

following such decision and at least once a month during the period of suspension on the website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>1</sup>.

The costs associated with the above changes will be borne by JPMFAL.

Please note that none of the above changes will have any impact on the investment policy and management of the Sub-Funds, and the overall risk profile and the fees of the Sub-Funds will also remain unchanged. The above changes will not materially prejudice the rights or interests of the investors.

In order to ensure smooth implementation, the migration of the fund operating platform will take place from 29 October 2016 to 31 October 2016 and hence there will be no dealing on 31 October 2016. Orders received by JPMFAL before the dealing deadline on 28 October 2016 will be dealt with on that day, however any order received after the dealing deadline on 28 October 2016 will be carried over and dealt with on 1 November 2016 according to the new process as set out above.

If, as a consequence of the above changes, you wish to redeem or switch your holding in the Fund into any other funds which are managed by JPMFAL or for which it acts as Hong Kong representative and which are authorised by the SFC for sale to the public in Hong Kong, you may do so free of charge during the waiver period between 30 September 2016 and 28 October 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>1</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 JPMFAL<sup>3</sup>, and on our website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>1</sup>. The updated offering document will be available on or after the Effective Date.

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

Yours faithfully,  
For and on behalf of  
JPMorgan Funds (Asia) Limited  
as Hong Kong Representative of the Fund



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

<sup>1</sup> The website has not been reviewed by the Securities and Futures Commission (the "SFC").

<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 registered office of JPMFAL is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.