

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

30 October 2017

Dear Investor,

**JPMorgan India Smaller Companies Fund (the “Fund”)**

We are writing to inform you about the Indian tax provisioning arrangement of the Fund.

Reference is made to the Explanatory Memorandum of the Fund, in which it is stated that (i) the Fund obtains a certificate of tax residency (“TRC”) from the Mauritius Revenue Authority, and (ii) due to the Fund’s Mauritius tax residence status, pursuant to the India-Mauritius tax treaty, the Fund expects that no Indian tax will be payable in respect of any capital gains realised on its Indian securities.

The Fund is required to annually renew the TRC to evidence its Mauritius tax residence status. The renewal of the last TRC has been applied for by the Fund. However, as at the date of this letter, a renewed TRC has not yet been issued by the Mauritius Revenue Authority. Due to this uncertainty in obtaining the TRC, the manager of the Fund (the “Manager”), based on professional tax advice and having discussed this matter with the Fund’s auditor and trustee, has decided to make a provision for 100% of the Fund’s potential Indian tax at the rate of approximately 17.77% on all realized and unrealized short-term gains (i.e., gains on securities held for less than one year) of Indian securities after 20 August 2017, i.e., the date of expiration of the last TRC, with effect from 26 September 2017. As a result, the total Indian tax provision for unrealized short-term gains on Indian securities as at 26 September 2017 amounted to 0.25% of the Fund’s net asset value. This amount is likely to change daily and may increase or decrease depending on sale activities, market movements and length of holding of Indian securities in the Fund’s portfolio.

The change in the tax provisioning basis of the Fund was implemented to reflect the likelihood of the Fund’s inability to claim the benefit under the India-Mauritius tax treaty due to the Mauritius Revenue Authority’s delay in issuing the renewed TRC. Provisioning for such tax obligation will put the Fund in a better position to meet the anticipated imposition of tax by the Indian government should such unrealized short-term gains become realized before issuance of the renewed TRC. This is considered to be in the best interest of the Fund and its investors and would not materially prejudice the interests of the investors.

The Manager will continue to closely monitor the situation and will further update all relevant investors if there is a significant change in the Indian tax provisioning arrangement in the Fund’s portfolio. In the event that any part of the tax provision is no longer required based on professional tax advice, it will be released back into the Fund. Any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund’s assets, will adversely affect the Fund’s net asset value. Conversely, the actual tax liabilities may be lower than the tax provision made. Consequently, depending upon the final outcome of the issuance of the Fund’s renewed TRC and the timing of investors’ subscriptions and/or redemptions of their units in/from the Fund, as the tax

provision may not relate directly to the period in which investors hold their investment, investors may be disadvantaged as a result of any shortfall of tax provision and, in the case of overprovision, they will not have the right to claim any part of such overprovision. Investors should seek their own tax advice on their tax position with regard to their investment in the Fund.

The Manager 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 client adviser, 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

A handwritten signature in black ink, appearing to be 'Edwin TK Chan', written in a cursive style.

Edwin TK Chan  
Director