

**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.**

3 September 2018

Dear Investor,

**JPMorgan Provident US\$ Money Fund (the “Fund”)**

We are writing to notify you of a number of updates to the Fund as a result of changes to its underlying fund, JPMorgan Funds - US Dollar Money Market Fund (the “**Underlying Fund**”). The Fund is a feeder fund which solely invests in the JPM US Dollar Money Market A (acc) - USD share class of the Underlying Fund. The Underlying Fund is a sub-fund of JPMorgan Funds (“**JPMF**”), which is an authorised investment fund in Luxembourg.

The changes set out in this letter will take effect from and including 3 December 2018 (the “**Effective Date**”).

**1. Changes to Name, Investment Objective and Policy and Investment Restrictions of the Underlying Fund due to New Money Market Fund Regulation in Europe**

As a result of the implementation of Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds (the “**Regulation**”), the money market product range of JPMF was reviewed in order to ensure compliance with the Regulation. The board of directors of JPMF has decided that it is in the best interests of shareholders for the Underlying Fund to be reclassified as a Short-Term Variable Net Asset Value Money Market Fund. From the Effective Date, the Underlying Fund will be renamed as “**JPMorgan Funds - USD Money Market VNAV Fund**”.

In order for the Underlying Fund to comply with the applicable rules provided for in the Regulation, the investment objective and investment policy of the Underlying Fund will be updated to clarify what type of eligible assets the Underlying Fund may invest in under the Regulation. The offering document of the Fund will be updated to reflect the revised investment objective and investment policy of the Underlying Fund, the details of which are set out in the Appendix attached to this letter.

In addition, the investment restrictions and guidelines of the Underlying Fund as disclosed in the offering document of the Fund will be updated to reflect the specific investment rules applicable to money market funds under the Regulation. The disclosure on the borrowing policy of the Underlying Fund will be updated to reflect that the Underlying Fund will no longer be allowed to borrow cash in accordance with the Regulation. For the avoidance of doubt, the Underlying Fund will continue to comply with the applicable requirements under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission (“**SFC**”).

## 2. Additional Investment Flexibility in Entering into Reverse Repurchase Transactions

In order to provide additional flexibility to the investment manager of the Underlying Fund, from the Effective Date, the maximum proportion of the assets under management of the Underlying Fund that could be subject to reverse repurchase transactions will be increased from 30% to 100%. In addition, the expected proportion of the assets under management of the Underlying Fund subject to reverse repurchase transactions will fluctuate between 0% and 30%. The change is also reflected in the Appendix attached to this letter.

Investors should take note of the risks associated with reverse repurchase transactions. The counterparty of reverse repurchase transactions may fail to meet its obligations which could result in losses to the Underlying Fund. In the event of the failure of the counterparty with which cash has been placed, there is the risk that the value of the collateral received may be less than the cash placed out which may be due to factors including inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Locking cash in transactions of significant size or duration, delays in recovering cash placed out, or difficulty in realising collateral may restrict the ability of the Underlying Fund to meet redemption requests or fund security purchases. The offering document of the Fund will be updated to include this additional risk factor.

Investors should take note of the risks associated with reverse repurchase transactions as a result of the Underlying Fund's potential increased exposure set out in section 2 above. However, the amendments for compliance with the Regulation set out in section 1 above would not result in any increase in the risk level of the Underlying Fund or the Fund. The above amendments will not result in any changes to the fees of the Underlying Fund or the Fund. The costs associated with these changes, estimated to be approximately USD 15,000, will be borne by the Fund. Apart from the above amendments, there will be no change to the operation of the Underlying Fund or the Fund and/or the manner in which the Underlying Fund or the Fund is being managed. The above amendments will not have any material adverse impact on the interests of the investors of the Fund.

If, as a consequence of the above changes, you wish to realise your units, or switch your holdings in the Fund into any other funds which are managed by the Manager or for which it acts as Hong Kong representative<sup>1</sup> and which are authorised by the SFC<sup>2</sup> for sale to the public in Hong Kong, you may do so free of charge during the waiver period<sup>3</sup> from 3 September 2018 until 3:00 p.m. (Hong Kong time) on 30 November 2018. All other switching and realisation conditions as disclosed in the offering document of the Fund still apply. 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>4</sup>.

If you wish to switch or realise your investment, we recommend that you seek tax and investment advice as appropriate before making a final decision.

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<sup>1</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>2</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.

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

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

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 of the Fund<sup>5</sup> and on our website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>4</sup>. The offering document of the Fund will be updated in due course to reflect the changes above and will be available on or after the Effective Date.

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

This letter is for information purposes only. Investors are not required to take any action.

Should you have any questions regarding the above, please do not hesitate to contact your designated client adviser or our J.P. Morgan Pension Services on (852) 2978 7588.

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

A handwritten signature in black ink, appearing to be 'R. Liu', with a stylized flourish at the end.

Regina Liu  
Head of Hong Kong Institutional Business

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<sup>5</sup> The registered office of the Manager is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

## Appendix

### **Updates to the section headed “2. Investment Objective and Policy” of the Fund in Appendix I to the Consolidated Explanatory Memoranda<sup>6</sup>:**

#### **2. Investment Objective and Policy**

The investment objective of the Fund is to provide investors with the opportunity to invest in short term deposits and debt securities.

The Manager presently intends to achieve this investment objective by investing as a feeder fund solely in the JPM USD Dollar Money Market *VNAV* A (acc) - USD share class of the JPMorgan Funds - USD Dollar Money Market *VNAV* Fund (the “**Underlying Fund**”). The Underlying Fund is a sub-fund of JPMorgan Funds (“**JPMF**”) authorised by the SFC under section 104 of the SFO.

The Underlying Fund is a sub-fund of JPMF, a limited liability investment company with variable share capital.

JPMF is an authorised investment fund in Luxembourg and managed by JPMorgan Asset Management (Europe) S.à r.l. JPMorgan Investment Management Inc. has been appointed as the investment manager in relation to the investments of the Underlying Fund.

The investment objective of the Underlying Fund is to achieve a return in USD in line with prevailing money market rates whilst aiming to preserve capital consistent with such rates and to maintain a high degree of liquidity by investing in USD denominated short-term debt securities ***(including money market instruments, eligible securitisations and asset-backed commercial paper) and deposits with credit institutions.***

The Underlying Fund will invest all of its assets, excluding cash and cash equivalents, in USD denominated short term debt securities ***(including money market instruments, eligible securitisations and asset-backed commercial paper) and deposits with credit institutions.***

***In addition to receiving a favourable assessment pursuant to the internal credit procedures of the management company of the Underlying Fund, debt*** Debt securities with a long-term rating will be rated at least A and debt securities with a short-term rating will be rated at least A-1 by Standard & Poor’s or otherwise similarly rated by another independent rating agency.

The Underlying Fund may also invest in unrated debt securities of comparable credit quality to those specified above.

The weighted average maturity of the Underlying Fund’s investments will not exceed 60 days and the initial or remaining maturity of each debt security will not exceed 397 days at the time of purchase ~~in accordance with Chapter 8.2 of the Code.~~

The Underlying Fund may have exposure to investments in zero or negative yielding securities in adverse market conditions.

Cash and cash equivalents may be held on an ancillary basis.

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<sup>6</sup> There are no changes to the footnotes (other than footnote 8) currently in the section headed “2. Investment Objective and Policy” of the Fund in Appendix I to the Consolidated Explanatory Memoranda and therefore the footnotes (other than footnote 8) are not included in this Appendix.

~~Within the investment restrictions of the Underlying Fund and in accordance with Chapter 8.2 of the Code, this ***The*** Underlying Fund may at any time enter into ***reverse repurchase transactions*** repurchase agreements, including reverse repurchase agreements, with highly rated financial institutions specialised in this type of transaction. The collateral underlying the repurchase agreements, including reverse repurchase agreements, will also comply with the above credit quality restrictions, although no maturity constraints will apply. ***The expected proportion of the assets under management of the Underlying Fund that could be subject to reverse repurchase transactions fluctuates between 0% and 30%, subject to a maximum of 100%.***~~

The Underlying Fund will not invest more than 10% of its net asset value in securities issued or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. The Underlying Fund does not intend to invest in financial derivative instruments for any purposes.

**Updates to footnote 8 in the section headed “2. Investment Objective and Policy” of the Fund in Appendix I to the Consolidated Explanatory Memoranda:**

~~<sup>8</sup> The Underlying Fund will not typically invest more than 30% of its assets in repurchase agreements, including reverse repurchase agreements. All income generated from ***reverse repurchase transactions*** repurchase transactions, including reverse repurchase agreements, entered into by the Underlying Fund will accrue to the Underlying Fund. The Underlying Fund will only enter into transactions with counterparties which the management company of the Underlying Fund believes to be creditworthy. Approved counterparties will typically have a credit rating of A- or above as rated by Standard & Poor’s or otherwise similarly rated by Moody’s and Fitch. Counterparties will comply with prudential rules considered by the CSSF as equivalent to the EU prudential rules. The collateral underlying the ***reverse repurchase transactions*** repurchase agreements, including reverse repurchase agreements, will only include USD denominated short-term debt securities valued greater than or equal to the value of the ***reverse repurchase transactions*** repurchase agreements, including reverse repurchase agreements.~~

**Updates to the section headed “4. Borrowing Policy of the Underlying Fund” of the Fund in Appendix I to the Consolidated Explanatory Memoranda:**

**4. Borrowing Policy of the Underlying Fund**

~~From time to time it may be necessary for the Underlying Fund to borrow on a temporary basis to fund redemption requests or defray operating expenses. The Underlying Fund may borrow on a temporary basis up to 10% of its total net asset value. ***The Underlying Fund will not borrow cash.***~~