

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.

12 October 2018

Dear Investor,

Merger of JPMorgan Funds - Hong Kong Fund into JPMorgan Funds - China Fund

We are writing to notify you that JPMorgan Funds - Hong Kong Fund (the “Merging Sub-Fund”) will be merged into JPMorgan Funds - China Fund (the “Receiving Sub-Fund”) on 14 December 2018 (the “Merger Date”) pursuant to paragraphs 9 and 11 of article 21 of the Articles of Incorporation (the “Articles”) of JPMorgan Funds (the “Fund”). The decision was taken as the Board of Directors of the Fund believes the Merging Sub-Fund has limited prospects for growth.

Please refer to Appendix I to this letter for the key differences and similarities between the Merging Sub-Fund and the Receiving Sub-Fund, and the reasons for and details of the merger of the Merging Sub-Fund into the Receiving Sub-Fund (the “Merger”).

The following share classes of the Merging Sub-Fund will be exchanged automatically into the shares of the corresponding share classes of the Receiving Sub-Fund on the Merger Date. The contract notes for the disposal of shares in the Merging Sub-Fund and the issue of shares in the Receiving Sub-Fund will be issued as soon as practicable after the Merger Date. Shareholders should also refer to the relevant sections of the Hong Kong Offering Document of the Fund dated February 2018, as amended from time to time (the “Hong Kong Offering Document”) and the relevant Product Key Facts Statements which set out a description of the investment policies and specific risk factors of the Merging Sub-Fund and the Receiving Sub-Fund. Shareholders should note that the net asset value per share of the Merging Sub-Fund and the Receiving Sub-Fund on the Merger Date may not necessarily be the same. Therefore, while the overall value of your holding (except for rounding adjustments, if any) will remain the same, you may receive a different number of shares in the Receiving Sub-Fund from what you previously held in the Merging Sub-Fund.

Share classes of the Merging Sub-Fund	Corresponding share classes of the Receiving Sub-Fund
JPM Hong Kong A (dist) - HKD	JPM China A (dist) - HKD
JPM Hong Kong A (dist) - USD	JPM China A (dist) - USD

The legal, mailing and other administrative expenses associated with the Merger will be borne by the Management Company. There are no unamortised establishment costs outstanding relating to the Merging Sub-Fund.

With effect from and including the date of this letter, the Merging Sub-Fund is no longer marketed to the public in Hong Kong and any subscription from new investors into the Merging Sub-Fund will be rejected. However, existing shareholders in the Merging Sub-Fund (including those investing through Regular Investment Plan¹, eScheduler² and pension schemes) can continue to subscribe and/or switch into the Merging Sub-Fund up to 5:00 p.m. (Hong Kong time) on 11 December 2018.

As a shareholder of the Merging Sub-Fund, you are entitled to redeem your shares in the Merging Sub-Fund at any time in accordance with the terms of the Hong Kong Offering Document from 12 October 2018 until 5:00 p.m. (Hong Kong time) on 11 December 2018. Any charges for redemption during such period will be waived³. Alternatively, if you prefer, you may switch your holdings in the Merging Sub-Fund into any other funds which are managed by JPMorgan Funds (Asia) Limited or for which it acts as Hong Kong representative⁴ and which are authorised by the Securities and Futures Commission (the “SFC”) for sale to the public in Hong Kong in accordance with the terms of the Hong Kong Offering Document from 12 October 2018 until 5:00 p.m. (Hong Kong time) on 11 December 2018. Any charges for switching during such period will be waived³. Please refer to the relevant offering documents for details of such funds which can be found on our website www.jpmorganam.com.hk⁵. 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.

Should the aggregate net transactions in shares of the Merging Sub-Fund exceed a pre-determined threshold on any valuation day, the Management Company may adopt a swing pricing mechanism to adjust the net asset value per share of the Merging Sub-Fund upwards or downwards to reflect net inflows and net outflows respectively to protect the interests of shareholders in the Merging Sub-Fund. For further details of the swing pricing mechanism, please refer to the sub-section entitled “Swing Pricing Adjustment” under section 6.1 entitled “Net Asset Value per Share” of the Hong Kong Offering Document.

Please note that the portfolio of the Merging Sub-Fund may be rebalanced to closely resemble that of the portfolio of the Receiving Sub-Fund, and such portfolio rebalancing is anticipated to commence no earlier than 10 business days prior to the Merger (i.e. 30 November 2018). After the portfolio rebalancing, the Merging Sub-Fund will follow the investment objective and policies of the Receiving Sub-Fund, until the Merger Date. All transaction costs arising from such portfolio rebalancing were estimated to be 0.27% of the total net asset value of the Merging Sub-Fund as of end August 2018. These transaction costs will be borne by the Merging Sub-Fund therefore shareholders who remain in the Merging Sub-Fund when such portfolio rebalancing is carried out will be impacted.

The Merger will have no Luxembourg tax and Hong Kong profits tax implications to the Merging Sub-Fund or the Receiving Sub-Fund. Shareholders of the Merging Sub-Fund should note that the exchange of shares in the Merging Sub-Fund for shares in the Receiving Sub-Fund pursuant to the

¹ If you invest through a bank, distributor or financial adviser, please note that the arrangement of your Regular Investment Plan may be different. You are advised to contact your bank, distributor or financial adviser should you have any questions.

² The eScheduler is only available to clients dealing via J.P. Morgan eTrading platform in Hong Kong.

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

⁴ 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.

⁵ The website has not been reviewed by the SFC.

Merger may be considered as a disposal of the shares in the Merging Sub-Fund for tax purposes and any gains derived may be subject to tax. Generally, shareholders will not be liable to Hong Kong profits tax on gains realised on the disposal of shares, except where the acquisition and disposal of shares are or form part of a trade, profession or business carried on by the shareholders in Hong Kong and the gains are revenue in nature for Hong Kong profits tax purposes. The classification of a gain as revenue or capital will depend on the particular circumstances of the shareholders. Shareholders should take advice from their own professional advisors as to their particular tax position.

Copies of the Articles, Hong Kong Offering Document, Product Key Facts Statements, financial reports and any other documents of the Merging Sub-Fund and the Receiving Sub-Fund set out under the section entitled “Documents Available for Inspection” in the Hong Kong Offering Document are available for inspection free of charge during normal working hours at the offices of the Hong Kong Representative of the Fund⁶.

The Management Company of the Fund accepts responsibility for the accuracy of the content of this letter.

If you have any questions with regard to the content of this letter or any other aspect of the Merging Sub-Fund or the Receiving Sub-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
as Hong Kong Representative of the Fund



Edwin TK Chan
Director

⁶ The registered office of the Hong Kong Representative is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

Appendix I

Merger timeline and impact

This section outlines key information relating to the Merger. Further information on the comparison of the Merging Sub-Fund and the Receiving Sub-Fund is contained below.

Key Dates



When the Merger occurs, all assets, liabilities and any income in the Merging Sub-Fund will be transferred to the Receiving Sub-Fund, and the Merging Sub-Fund will cease to exist.

All shares remaining in the Merging Sub-Fund on the Merger Date are exchanged automatically for shares in the corresponding share class of the Receiving Sub-Fund. The exchange ratio will be calculated based on the net asset value per share in effect that day (such net asset value per share will be exceptionally rounded for the purposes of the Merger to 6 decimal places*) for both sub-funds, and the exchange ratio thus calculated will be rounded to 7 decimal places. The calculation of the exchange ratio will be validated and documented in a report prepared by the auditors of the Fund that will be available to you upon request.

The total value of the shares you own in the Merging Sub-Fund and the new shares you receive in the Receiving Sub-Fund will be the same, subject to rounding adjustments, but you may receive a different number of shares in the Receiving Sub-Fund.

Impact

Key differences in investment policy between the Merging Sub-Fund and the Receiving Sub-Fund	<ul style="list-style-type: none">While the Merging Sub-Fund invests primarily in companies that are domiciled in, or carrying out the main part of their economic activity in, Hong Kong, the Receiving Sub-Fund invests primarily in companies that are domiciled in, or carrying out the main part of their economic activity in, the People's Republic of China (excluding, for the purpose herein only, Hong Kong, Macau and Taiwan). Despite the differences in investment policies, the Merging Sub-Fund and the Receiving Sub-Fund both have exposure to stocks of Hong Kong listed companies that have economic activity in the People's Republic of China.Unlike the Merging Sub-Fund, the Receiving Sub-Fund may invest in China A-Shares through the China-Hong Kong Stock Connect Programmes and QFII investment quota granted to the Investment Manager.
Potential benefits	<ul style="list-style-type: none">Given that both the Merging Sub-Fund and the Receiving Sub-Fund have exposure to stocks of Hong Kong listed companies that have economic activity in the People's Republic of China, the Merger will give you the benefit of investing in a larger sub-fund that has the prospect of stronger growth in assets in the future and may potentially benefit from economies of scale which may result in lower operating and administrative expenses.
Potential drawbacks	<ul style="list-style-type: none">One-time expenses associated with portfolio rebalancing of the Merging Sub-Fund were estimated to be 0.27% of the total net asset value of the Merging Sub-Fund as of end August 2018. These transaction costs will be borne by the Merging Sub-Fund, and therefore, shareholders who remain in the Merging Sub-Fund when such portfolio rebalancing is carried out will be impacted.On the Merger Date, and during the two business days before that, you will not be able to subscribe for, switch or redeem shares in the Merging Sub-Fund.
Other considerations	<ul style="list-style-type: none">The Merging Sub-Fund will not bear any additional legal, advisory or administrative costs associated with the Merger.The portfolio of the Merging Sub-Fund somewhat resembles that of the Receiving Sub-Fund, however, some rebalancing of the assets of the Merging Sub-Fund will be required in preparation for the Merger. All transaction costs arising from such portfolio rebalancing will be borne by the Merging Sub-Fund.Performance information for the Merging Sub-Fund and the Receiving Sub-Fund can be found in the relevant Product Key Facts Statements which are available on our website www.jpmorganam.com.hk.

* Please note that this rounding treatment only applies to the Merger in the calculation of the exchange ratio and is intended to reduce the impact of rounding in the calculation so that the number of shares that shareholders will receive will more accurately reflect the value of their holdings in the Merging Sub-Fund on the Merger Date.

^ The website has not been reviewed by the SFC.

Sub-fund comparison

This table compares the relevant information for the Merging Sub-Fund with that of the Receiving Sub-Fund. Unless stated otherwise, terms in this table have the same meaning as in the relevant offering document.

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

	JPMorgan Funds - Hong Kong Fund	JPMorgan Funds - China Fund
Investments and Risks		
Objectives and investment policies	<p>To provide long-term capital growth by investing primarily in Hong Kong companies.</p> <p>At least 67% of the Sub-Fund's assets (excluding cash and cash equivalents) will be invested in equity securities of companies (including smaller capitalisation companies) that are domiciled in, or carrying out the main part of their economic activity in, Hong Kong.</p>	<p>To provide long-term capital growth by investing primarily in companies of the People's Republic of China.</p> <p>At least 67% of the Sub-Fund's assets (excluding cash and cash equivalents) will be invested in equity securities of companies (including smaller capitalisation companies) that are domiciled in, or carrying out the main part of their economic activity in, the People's Republic of China.*</p> <p>The Sub-Fund may invest in China A-Shares through the QFII investment quota granted to the Investment Manager and the China-Hong Kong Stock Connect Programmes.</p>
<p>Debt securities, cash and cash equivalents may be held on an ancillary basis.</p> <p>The Sub-Fund may also invest in UCITS and other UCIs.</p> <p>The Sub-Fund may invest in assets denominated in any currency and currency exposure may be hedged.</p> <p>The Sub-Fund may use financial derivative instruments for the purposes of hedging and efficient portfolio management.#</p> <p>All of the above investments will be made in accordance with the limits set out in "Appendix II – Investment Restrictions and Powers" of the Hong Kong Offering Document.</p>		
Risk factors	<ul style="list-style-type: none"> ▪ The Sub-Fund is denominated in USD but its underlying assets are mainly denominated in Hong Kong dollars. The value of the Hong Kong dollar is pegged to the USD but this peg may be reset from time to time. 	<ul style="list-style-type: none"> ▪ Investors should note that the QFII status could be suspended, reduced or revoked, which may have an adverse effect on the Sub-Fund's performance as CNY denominated securities would need to be liquidated. ▪ The Sub-Fund may invest in China A-Shares through the China-Hong Kong Stock Connect Programmes which are subject to regulatory change, quota limitations and also operational constraints which may result in increased counterparty risk. ▪ Emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market securities may also be subject to higher volatility and lower liquidity than non emerging market securities.

* The Receiving Sub-Fund's aggregate exposure (direct and indirect) to China A-Shares and B-Shares will be less than 30% of its net assets and should this investment policy change in the future, the SFC's approval will be sought (if applicable) and the offering document will be updated accordingly.

The Sub-Fund invests in financial derivative instruments to a limited extent for investment purpose.

- Investing in the People's Republic of China ("PRC") is subject to the risks of investing in emerging markets and additional risks which are specific to the PRC market. Investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention. In extreme circumstances, the Sub-Fund may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution and settlement of trades. The Sub-Fund will be exposed to any fluctuation in the exchange rate between the reference currency of the Sub-Fund and CNY (onshore RMB) or CNH (offshore RMB) in respect of such investments.

- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Because the Sub-Fund is aggressively managed, volatility may be high as the Sub-Fund may take larger position sizes, may have high turnover of holdings and at times may have a significant exposure to certain areas of the market.
- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds.
- The Sub-Fund may be concentrated in a limited number of securities and industry sectors and as a result, may be more volatile than more broadly diversified funds.
- The Sub-Fund may invest in securities of smaller companies which may be less liquid, more volatile and tend to carry greater financial risk than securities of larger companies.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.
- Further information about risks can be found in "Section 4 – RISK FACTORS" of the Hong Kong Offering Document.

Benchmark	FTSE MPF Hong Kong Index (Total Return Net)	MSCI China 10/40 Index (Total Return Net)
Reference currency	US Dollar (USD)	

Investment Management

Investment Manager JF Asset Management Ltd.

Fund Size and Total Expense Ratio

Fund size as at 31 August 2018	USD 66.1 million	USD 1,286.5 million
Total Expense Ratio^Δ	JPM Hong Kong A (dist) - HKD – 1.80% [‡] JPM Hong Kong A (dist) - USD – 1.80% [‡]	JPM China A (dist) - HKD – 1.80% [‡] JPM China A (dist) - USD – 1.76% [‡]

^Δ The total expense ratio represents the total operating costs as a percentage of the Sub-Fund's average daily net assets. The total operating costs comprise the annual investment management and advisory fees; and operating and administrative expenses.

[‡] The total expense ratios of share classes are based on their respective annualised total operating costs for the period from 1 July 2017 to 31 December 2017.

Charges	
Subscription fee	Currently 5.00%
Redemption fee	Currently 0%
Annual Management and Advisory Fee	1.50%
Operating and Administrative Expenses	0.30% Max

Structure	
End of financial year	30th June
Investment company	JPMorgan Funds
Date of annual general meeting of shareholders	Third Wednesday of November at 3.00 p.m. (or, if such day is not a business day in Luxembourg, on the next following business day).

NEXT STEPS

To exchange your shares in the Merging Sub-Fund for shares in the Receiving Sub-Fund: no action is necessary. All shares that you hold in the Merging Sub-Fund at the Merger Date will automatically be exchanged for shares in the Receiving Sub-Fund. Such shares in the Receiving Sub-Fund will be available for dealing from 17 December 2018.

To switch or redeem some or all of your shares: please send such dealing instructions as you normally do, or directly to the registered office of the Hong Kong Representative**. Note that all other switching and redemption conditions and restrictions set out in the Hong Kong Offering Document still apply, even during the period when switching and redemption fees are waived.

For more information: Please 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.

** The registered office of the Hong Kong Representative is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.