

**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.**

4 March 2019

Dear Investor,

**Merger of JPMorgan Australia Fund into JPMorgan Pacific Securities Fund**

Please be informed that the general meeting of unitholders of JPMorgan Australia Fund (the “Terminating Fund”) which was convened on 10 January 2019 could not be validly constituted so as to deliberate on the proposed resolution as the required quorum for the meeting was not met. As a result, the general meeting of unitholders was adjourned and will be reconvened on 8 April 2019, 11:00 a.m. (Hong Kong time) (the “Adjourned Meeting”) at 27th Floor, Chater House, 8 Connaught Road Central, Hong Kong.

The proposal to merge the Terminating Fund into JPMorgan Pacific Securities Fund (the “Receiving Fund”) (the “Merger”) is to be decided at the Adjourned Meeting convened in accordance with paragraphs 28 and 29.4 of the base terms dated 31 October 2016 (which have been incorporated by way of an amended and restated trust deed into the Terminating Fund’s trust deed dated 5 June 1981, as further amended and supplemented from time to time (the “Trust Deed”). JPMorgan Funds (Asia) Limited, the manager of the Terminating Fund (the “Manager”), believes that this proposal will benefit the unitholders as it will create a larger pool of assets which should not only provide potential economies of scale but also enhance fund management efficiency. The Manager recommends that unitholders vote in favour of the resolution being put to them at the Adjourned Meeting.

The Terminating Fund is no longer allowed to be marketed to the public in Hong Kong, and further subscription and switching into the Terminating Fund will continue to be suspended until further notice, except for investment from existing investors through Regular Investment Plan<sup>1</sup>, eScheduler<sup>2</sup> and pension schemes, which will continue to be permissible (insofar as there is no increase in the scheduled contribution amount) until 24 May 2019 if the proposed Merger is approved by the unitholders at the Adjourned Meeting.

The Terminating Fund currently has two classes, namely JPMorgan Australia (acc) - AUD class and JPMorgan Australia (acc) - USD class, which will be merged into JPMorgan Pacific Securities (acc) - AUD class\* and JPMorgan Pacific Securities (acc) - USD class of the Receiving Fund respectively. Please refer to Enclosure I which highlights the key differences and similarities between the Terminating Fund and the Receiving Fund (including the investment objective and policies, risk factors, latest fund size, fees and charges and total expense ratio) for reference. Unitholders should also refer to the relevant sections of the JPMorgan Funds (Unit Trust Range) Explanatory

<sup>1</sup> 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.

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

\* The class will be launched and made available to unitholders before the Merger Date, if the resolution in relation to the Merger are passed at the Adjourned Meeting.

Memoranda dated October 2016, as amended from time to time (the “Consolidated Explanatory Memoranda”) and the relevant Product Key Fact Statements which set out a description of the investment policies and specific risk factors of the Terminating Fund and the Receiving Fund.

Kindly take careful note of the details of the agenda as well as the quorum and voting requirements as set out in the Notice of General Meeting of Unitholders (Enclosure II). Any unitholders present in person or by proxy at the Adjourned Meeting, whatever the number of unitholders or number of units held by them, will form a quorum. The resolution will be passed by a majority of 75% or more of the votes expressed by the unitholders present or represented at such Adjourned Meeting. **The Forms of Proxy that have already been properly returned in time for the meeting held on 10 January 2019 will remain valid for the Adjourned Meeting unless specifically revoked in writing by 28 March 2019. Forms of Proxy returned after the designated date and time for the first meeting (i.e. 4 January 2019, 6:00 p.m. (Hong Kong time)) but prior to the date and time stipulated below will be counted towards the resolution at the Adjourned Meeting unless specifically revoked in writing by 28 March 2019. Votes cast shall not include those which are attached to units where the unitholders have abstained, have not taken part in the vote or have returned a blank or invalid vote.** If you have not yet returned the Form of Proxy, please complete and return the Form of Proxy (Enclosure III) to us **URGENTLY**, which in any event should be received by us no later than 28 March 2019, 6:00 p.m. (Hong Kong time), using the envelope provided. If, however, we do not hear from you by this date and time, your instructions will not be reflected in respect of your holdings and therefore will not be considered at the Adjourned Meeting.

Should the proposed Merger be approved by the unitholders at the Adjourned Meeting, units held by unitholders in the Terminating Fund, including those units invested through the Regular Investment Plan, eScheduler and pension schemes, will be exchanged for units in the Receiving Fund on 31 May 2019 or such other date as may be determined by the Manager (the “Merger Date”) which will be set out in the notification letter to unitholders regarding the outcome of the Adjourned Meeting (the “Result Notice”). Those investing in the Terminating Fund through the Regular Investment Plan, eScheduler and pension schemes should note that future investments into the Terminating Fund will permanently cease on the Merger Date.

The Merger will be in accordance with the terms and arrangements as set out in Enclosure IV “Details of the Merger Process”. Units in the Terminating Fund will be exchanged for units in the Receiving Fund on the basis of the formula set out in Enclosure IV. In particular, the Terminating Fund’s assets will be transferred to the Receiving Fund on the Merger Date after deduction of such amount as appropriate to meet all outstanding liabilities of the Terminating Fund. Accordingly, **unitholders who intend to remain in the Terminating Fund should note that such deduction will impact the net asset value of the Terminating Fund, which in turn may impact the number of units in the Receiving Fund that you may receive.** Unitholders should also note that the net asset value per unit of the Terminating Fund and the Receiving 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 units in the Receiving Fund from what you previously held in the Terminating Fund. The contract notes for the disposal of units in the Terminating Fund and the issue of units in the Receiving Fund will be issued as soon as practicable after the Merger Date.

The legal, mailing and other administrative expenses associated with the proposed Merger, are estimated to be approximately USD40,000 and will be borne by the Manager. There are no unamortised establishment costs outstanding relating to the Terminating Fund.

Redemption and switching from the Terminating Fund will cease after 24 May 2019, 5:00 p.m. (Hong Kong time) should the proposed Merger be approved by the unitholders at the Adjourned Meeting. If you do not wish to hold units in the Receiving Fund after the Merger Date, we are pleased to offer you the opportunity to switch your current holding in the Terminating Fund, free of charge, into any other funds which are managed by the Manager or for which it acts as Hong Kong representative<sup>3</sup> and are authorised by the Securities and Futures Commission (“SFC”)<sup>4</sup>, provided that we receive your switching instruction on or before 24 May 2019, 5:00 p.m. (Hong Kong time)<sup>5</sup>. The 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>6</sup>.

If you would prefer to redeem your holding in the Terminating Fund, you may do so up to and including 24 May 2019, 5:00 p.m. (Hong Kong time), free of charge<sup>7</sup>.

Should there be any significant redemption from the Terminating Fund prior to the Merger, the Manager may, with due care, skill and diligence, and in consultation with the Trustee, apply any liquidity risk management tools specified in the sub-section entitled “Liquidity Risk Management” under the section entitled “GENERAL” in the Consolidated Explanatory Memoranda to ensure unitholders are treated fairly.

Please note that, should the proposed Merger be approved by the unitholders at the Adjourned Meeting, starting from 27 May 2019, the portfolio of the Terminating Fund may be rebalanced to closely resemble that of the Receiving Fund. From that point onwards, the Terminating Fund will follow the investment objective and policies of the Receiving Fund, until the Merger Date. All transaction costs arising from such portfolio rebalancing will be borne by the Terminating Fund, therefore **unitholders who remain in the Terminating Fund when such portfolio rebalancing is carried out will be impacted**. The Terminating Fund is also expected to incur transaction costs in its subsequent transfer of assets to the Receiving Fund, which, together with the transaction costs arising from portfolio rebalancing, are estimated to be approximately 0.16% of the total net asset value of the Terminating Fund as of 31 December 2018.

The Result Notice will be sent to unitholders as soon as practicable after the Adjourned Meeting. In the event that unitholders do not approve the proposed Merger, the proposal to merge the Terminating Fund into the Receiving Fund will not proceed. In such event, the Terminating Fund will resume processing subscriptions to the Terminating Fund, including those through the Regular Investment Plan, eScheduler and pension schemes, with effect from the date of the Result Notice and will continue to process redemptions and switching as set out in the Consolidated Explanatory Memoranda.

The proposed Merger will have no Hong Kong profits tax implications to the Terminating Fund or the Receiving Fund. Unitholders of the Terminating Fund should note that the exchange of units in the Terminating Fund for units in the Receiving Fund pursuant to the proposed Merger may

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<sup>3</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>4</sup> SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

<sup>5</sup> Please note that although we will not impose any charges in respect of your switching instructions, your bank, distributor, financial adviser or pension scheme trustee or administrator may charge you 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.

<sup>6</sup> This website has not been reviewed by the SFC.

<sup>7</sup> Please note that although we will not impose any charges in respect of your redemption instructions, your bank, distributor, financial adviser or pension scheme trustee or administrator may charge you redemption and/or transaction fees. You are advised to contact your bank, distributor, financial adviser or pension scheme trustee or administrator should you have any questions.

be considered as a disposal of the units in the Terminating Fund for tax purposes and any gains derived may be subject to tax. Generally, unitholders will not be liable to Hong Kong profits tax on gains realised on the disposal of units, except where the acquisition and disposal of units are or form part of a trade, profession or business carried on by the unitholders 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 unitholders. The Terminating Fund is treated as a “special category transparent offshore fund” for United Kingdom (the “UK”) tax purposes and the exchange of units in the Terminating Fund may be a taxable event for UK capital gain purposes for UK tax resident unitholders unless exemption approval is received from the UK tax authorities with respect to the proposed Merger. The Manager intends to apply for this exemption approval but cannot guarantee that it will be issued. The outcome of this approval will be included in the UK Tax Vouchers to be sent to investors of the Terminating Fund. Unitholders should take advice from their own professional advisors as to their particular tax position.

Copies of the Consolidated Explanatory Memoranda, trust deeds, base terms and any other documents of the Terminating Fund and the Receiving Fund set out under the section entitled “Documents Available for Inspection” in the Consolidated Explanatory Memoranda, are available for inspection free of charge during normal working hours at the offices of the Manager<sup>8</sup>.

The Manager 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 Terminating 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 Clients’ Hotline on (852) 2265 1000;
- our distributor hotline on (852) 2978 7788; 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



Edwin TK Chan  
Director

Enclosures:

- I Details of the Terminating Fund and the Receiving Fund
- II Notice of General Meeting of Unitholders
- III Form of Proxy
- IV Details of the Merger Process

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

**Details of JPMorgan Australia Fund (the “Terminating Fund”) and  
JPMorgan Pacific Securities Fund (the “Receiving Fund”)**

	<b>Terminating Fund</b>	<b>Receiving Fund</b>
Investment objective and policies	<p>The investment policy of the Terminating Fund is to provide investors with long term capital growth by investing primarily in Australian securities.</p> <p>The Terminating 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.</p>	<p>The investment policy of the Receiving Fund is to provide investors with long term capital growth by investing primarily in the securities of companies in the Asia-Pacific region, including Japan, Australia and New Zealand.</p> <p>The Receiving 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.</p>
Investment restrictions and guidelines	The investment restrictions and guidelines of the Terminating Fund and the Receiving Fund are similar. Additional investment restrictions and guidelines applicable to the Terminating Fund and the Receiving Fund are set out as below:	
	The value of the Terminating Fund’s holding of securities of companies or other investments which are based in or operate principally in Australia shall not be less than 70 per cent. of its non-cash assets in securities and other investments.	The value of the Receiving Fund’s holding of securities of companies which are based in or operate principally in Asia-Pacific region, including Japan and Australia shall not be less than 70 per cent. of its non-cash assets in securities and other investments.
Risk factors	Key risk factors for the Terminating Fund and the Receiving Fund are set out as below:	
	<ul style="list-style-type: none"> <li>• Diversification risk</li> <li>• Currency risk</li> <li>• Liquidity risk</li> <li>• Equity risk</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging markets risk</li> <li>• Currency risk</li> <li>• Liquidity risk</li> <li>• Equity risk</li> </ul>
Manager	JPMorgan Funds (Asia) Limited	
Investment Manager	JF Asset Management Limited	
Trustee	HSBC Institutional Trust Services (Asia) Limited	
Dealing frequency	Daily	
Distribution policy	Only accumulation classes are offered for the Terminating Fund and the Receiving Fund. All income will be accumulated and reinvested within the accumulation classes.	
Base currency	USD	
Minimum investment	Lump-sum (initial / additional): USD2,000 or equivalent	
	Regular Investment Plan: HKD1,000 per month	
	The Manager may apply a different minimum lump sum investment and/or a different minimum monthly investment.	
Initial charge	Up to 5.0% of NAV per unit	
Switching charge	Up to 1.0% of NAV per unit	

Redemption charge	Currently 0% (Up to 0.5% of NAV per unit)	
Management fee	1.5% of NAV p.a. (maximum 2.5%)	
Trustee fee	Up to 0.2% per annum of the NAV, with the current rate as follows:	
		Rate (per annum)
	On the first USD40,000,000	0.06% of NAV
	On the next USD30,000,000	0.04% of NAV
	On the balance over USD70,000,000	0.025% of NAV
Total expense ratio	JPMorgan Australia (acc) - AUD 1.87% as at 31 December 2018	JPMorgan Pacific Securities (acc) - USD 1.62% as at 31 December 2018
	JPMorgan Australia (acc) - USD 1.87% as at 31 December 2018	JPMorgan Pacific Securities (acc) - AUD (The class will be launched and made available to unitholders before the Merger Date, if the resolution in relation to the Merger are passed. The estimated total expense ratio is 1.62%)
	The total expense ratio represents the total expenses (excluding transaction costs) as a percentage of the Terminating Fund or the Receiving Fund's average net asset value.	
Fund size	USD25 million as at 31 December 2018	USD529 million as at 31 December 2018

### Notice of General Meeting of Unitholders

Unitholders were invited to attend a general meeting of Unitholders (defined in Note 1 below) of JPMorgan Australia Fund (the “Terminating Fund”) which was convened on 10 January 2019. However, as the required quorum for the meeting was not met, the meeting could not be validly constituted so as to deliberate on the proposed resolution.

Notice is hereby given by JPMorgan Funds (Asia) Limited (the “Manager”), the manager of the Terminating Fund, that the meeting was adjourned and will be reconvened on 8 April 2019, 11:00 a.m. (Hong Kong time) at 27th Floor, Chater House, 8 Connaught Road Central, Hong Kong (the “Adjourned Meeting”), for the purpose of considering and, if thought fit, passing the same resolution as set out below.

Capitalised terms used in this notice shall have the same meanings as in the trust deed of the Terminating Fund (the “Trust Deed”) unless otherwise specified.

### EXTRAORDINARY RESOLUTION

THAT:

- (i) the proposed merger of JPMorgan Australia Fund into JPMorgan Pacific Securities Fund (the “Receiving Fund”) as set out in the letter dated 4 March 2019 (the “Merger”) shall be and is hereby approved.
- (ii) the scheme arrangement (the “Scheme”) set out in Enclosure IV headed “Details of the Merger Process”, a copy of which has been laid before this meeting and signed for the purpose of identification by the chairman thereof (the “Chairman”), shall be and is hereby approved. The Trustee of the Terminating Fund and the Manager shall be and are hereby authorised (insofar as they are not already authorised by the Trust Deed) to terminate the Terminating Fund by implementing the Scheme and to execute any document and do any act or thing for the purpose of terminating the Terminating Fund and implementing the Scheme and the Merger.

The Manager shall be and is hereby authorised and directed to arrange for distribution to Unitholders of contract notes for Units to be issued by way of satisfaction and discharge of those Unitholders’ respective interests in the assets of the Terminating Fund as shall be transferred to the Receiving Fund in accordance with the Scheme.

- (iii) on a termination pursuant and giving effect to the Scheme, the Unitholders’ rights attaching to the Units in respect of the assets of the Terminating Fund shall be satisfied by Unitholders receiving their respective entitlements in the Receiving Fund in accordance with the Scheme.
- (iv) the Manager shall be and is hereby authorised to take all steps necessary to withdraw the registration or authorisation of the Terminating Fund in those jurisdictions where the Terminating Fund is registered or authorised for sale after the effective date of the Merger.

## VOTING

Any Unitholders present in person or by proxy at the Adjourned Meeting, whatever the number of Unitholders or number of Units held by them, will form a quorum and the Chairman of the Adjourned Meeting will be instructed to demand a poll. The resolution will be passed by a majority of 75% or more of the votes expressed by the Unitholders present or represented at the Adjourned Meeting. Votes cast shall not include those which are attached to Units where the Unitholders have abstained, have not taken part in the vote in person or by proxy, or have returned a blank or invalid vote.

Forms of Proxy that have already been properly returned in time for the meeting held on 10 January 2019 will remain valid for the resolution submitted to the Adjourned Meeting unless specifically revoked in writing by 28 March 2019. Forms of Proxy returned after the designated date and time for the first meeting (i.e. 4 January 2019, 6:00 p.m. (Hong Kong time)) but prior to the date and time stipulated below will be counted towards the resolution at the Adjourned Meeting unless specifically revoked in writing by 28 March 2019.

## VOTING ARRANGEMENTS

Unitholders who cannot personally attend the Adjourned Meeting are requested to use the enclosed Form of Proxy (copy also available via the website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>1</sup>), which should be received by us no later than 28 March 2019, 6:00 p.m. (Hong Kong time) at GPO Box 11448, Hong Kong.

For and on behalf of  
JPMorgan Funds (Asia) Limited

Notes:

1. The term “Unitholder” means a person entered on the register of the Terminating Fund maintained under the Trust Deed as a holder of a Unit and includes persons jointly registered.
2. A corporation may by resolution of its directors or other governing body authorise a person as it thinks fit to act as its representative at the Adjourned Meeting and that person so authorised shall be entitled to exercise the powers on behalf of the corporation provided that person produces a copy of the resolution certified by a director of the corporation to be a true copy.
3. Each Unitholder entitled to attend and vote at the above mentioned Adjourned Meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a Unitholder. A Form of Proxy is enclosed.

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<sup>1</sup> This website has not been reviewed by the Securities and Futures Commission.

**IMPORTANT**

**PLEASE COMPLETE AND RETURN THIS FORM IMMEDIATELY  
which in any event should be received by us no later than 6:00 p.m. (Hong Kong time) on 28 March 2019.**

**JPMorgan Australia Fund (the “Terminating Fund”)  
Form of Proxy for Use at the General Meeting of Unitholders**

Name(s) and Address of Client:

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Account Number(s):

MasterAccount:

Regular Investment Plan:  
(if applicable)**PLEASE COMPLETE IN BLOCK CAPITAL LETTERS**

I/We the undersigned,

Corporate Name/First Name(s)

Last Name

\_\_\_\_\_ hereby appoint the Chairman of the General Meeting of Unitholders (the “Adjourned Meeting”),

or \_\_\_\_\_

as my/our representative to vote for me/us on my/our behalf on the item of the agenda, as indicated below, of the Adjourned Meeting to be held on 8 April 2019, 11:00 a.m. (Hong Kong time) at 27th Floor, Chater House, 8 Connaught Road Central, Hong Kong, as more fully described in the Notice of General Meeting of Unitholders (Enclosure II). Capitalised terms used in this Form of Proxy shall have the same meanings as in the Notice of General Meeting of Unitholders (Enclosure II) unless otherwise defined.

Direction to your representative

If you want your representative to vote in a certain way on the resolution specified, please indicate with an “✓” in the spaces below. If you fail to select any of the given options, your representative can vote as he/she chooses or can decide not to vote at all. The representative can also do this on any other resolution that is put to the Adjourned Meeting. If you appoint the Chairman as your representative and you do not indicate with an “✓” in the spaces below how you wish your votes to be cast, the Chairman will vote ‘for’ in favour of the resolution specified.

**VOTING INSTRUCTIONS FOR THE TERMINATING FUND**

For unitholders placing the same voting direction to your representative for all units held in the Terminating Fund, please indicate with an “✓” in the spaces below. If you wish your representative to vote only part of your units in the Terminating Fund, please indicate the number of units to be voted in the relevant box. If you indicate more units than are actually held on your behalf, your representative may vote the total number of units on your behalf in the same proportions to that indicated below. Please note that this Form of Proxy must be duly executed in order to be effective.

Agenda	“For”	“Against”	“Abstain”
To consider and approve the following resolution: <ol style="list-style-type: none"> <li>1. (i) the proposed merger of JPMorgan Australia Fund into JPMorgan Pacific Securities Fund (the “Receiving Fund”) as set out in the letter dated 4 March 2019 (the “Merger”) shall be and is hereby approved.</li> <li>(ii) the scheme arrangement (the “Scheme”) set out in Enclosure IV headed “Details of the Merger Process”, a copy of which has been laid before this meeting and signed for the purpose of identification by the chairman thereof (the “Chairman”), shall be and is hereby approved. The Trustee of the Terminating Fund and the Manager shall be and are hereby authorised (insofar as they are not already authorised by the Trust Deed)</li> </ol>			



### Details of the Merger Process

#### Scheme arrangement (the “Scheme”)<sup>1</sup>

1. The Trustee and the Manager shall transfer all the Terminating Fund’s assets (after deduction of such amount as the Trustee and the Manager determine to be appropriate to meet all outstanding liabilities of the Terminating Fund) to the Receiving Fund on the effective date of the Merger (the “Merger Date”) in consideration for the issue of units of the Receiving Fund to the unitholders of the Terminating Fund (the “Unitholders”).
2. The Terminating Fund shall terminate on the Merger Date following the final transfer (in accordance with paragraph 1 above) of the Terminating Fund’s assets to the Receiving Fund.
3. The Trustee and the Manager will take reasonable care to ensure the provision for liabilities of the Terminating Fund to be a fair estimate. If there shall be any surplus after discharging all outstanding liabilities of the Terminating Fund, the Manager shall arrange for that surplus to be transferred to the Receiving Fund. If the provision for liabilities is insufficient to discharge all outstanding liabilities of the Terminating Fund, the Manager shall bear the deficit at its own cost.
4. The issue of units of the Receiving Fund shall be made to Unitholders on the basis of the following formula:

$$N = C / P$$

Where:

N = Number of units<sup>2</sup> in the Receiving Fund (rounded to 3 decimal places) issued to the Unitholder

P = Net Asset Value per unit<sup>3</sup> of the Receiving Fund (rounded to 2 decimal places) where the assets of the Receiving Fund are valued in accordance with paragraph 5 below

C = M x Q with the resultant sum rounded to 2 decimal places

M = Number of units and fractions thereof in the Terminating Fund held by the Unitholder

Q = Net Asset Value per unit of the Terminating Fund (rounded to 4 decimal places<sup>4</sup>) where the assets of the Terminating Fund are valued in accordance with paragraph 5 below after the deduction of an appropriate amount as set out in paragraph 1 above

5. The assets of the Terminating Fund shall be valued on the Merger Date in accordance with the base terms dated 31 October 2016 (which have been incorporated by way of an amended and restated trust deed into the Terminating Fund’s trust deed dated 5 June 1981, as further amended and supplemented from time to time). The assets of the Receiving Fund shall be

<sup>1</sup> Capitalised terms used herein shall have the same meanings as in the Notice of General Meeting of Unitholders (Enclosure II) and the trust deed of the Terminating Fund, unless otherwise defined.

<sup>2</sup> This refers to the number of units in the respective classes of the Receiving Fund.

<sup>3</sup> This refers to the Net Asset Value per unit of the respective classes of the Receiving Fund.

<sup>4</sup> Please note that this rounding treatment only applies to the Merger in the calculation of the number of units in the Receiving Fund that will be issued to Unitholders, and is intended to reduce the impact of rounding in the calculation so that the number of units that Unitholders will receive will more accurately reflect the value of their holdings in the Terminating Fund on the Merger Date.

valued on the Merger Date in accordance with the base terms dated 31 October 2016 (which have been incorporated by way of an amended and restated trust deed into the Receiving Fund's trust deed dated 7 April 1978, as further amended and supplemented from time to time). The manager of the Terminating Fund and the Receiving Fund shall use and apply the same valuation means, determinations or methods for the Terminating Fund and the Receiving Fund.

6. All liabilities attributable to the Terminating Fund or the Receiving Fund prior to the Merger Date shall be binding solely upon the Terminating Fund or the Receiving Fund as the case may be. In calculating the liabilities of the Terminating Fund or the Receiving Fund for the purposes of the Net Asset Value, the Manager or, as the case may be, the manager of the Receiving Fund shall value such liabilities in accordance with the normal accounting policies or valuation principles of the Terminating Fund or the Receiving Fund, as the case may be.
7. In relation to units of the Receiving Fund issued pursuant to this Scheme:-
  - A) JPMorgan Funds (Asia) Limited will issue contract notes for such units on or before the second Business Day immediately following the Merger Date or as soon as practicable thereafter, to the persons entitled thereto at their respective addresses appearing in the Terminating Fund's register of Unitholders (and, in the case of joint Unitholders, to the address of the first named); and
  - B) the Manager shall be entitled to assume that all information contained in the Terminating Fund's register of Unitholders is correct and to utilise the same in procuring registration of the units issued pursuant to the Scheme.
8. The provisions in this Scheme shall have effect subject to such modifications or additions as the Manager and the Trustee may from time to time approve in writing and consider it is in the best interests of Unitholders.
9. The trustee and the manager of the Receiving Fund shall be entitled to act and rely upon any certificate, opinion, advice or information furnished by the Trustee, the Manager, the Registrar, the Auditors of the Terminating Fund and its or their other professional advisers and shall not be liable or responsible for any loss suffered as a result thereof.
10. The Trustee and the Manager of the Terminating Fund shall be entitled to act and rely upon any certificate, opinion, evidence or information furnished by the trustee, the manager, the registrar, the auditors of the Receiving Fund and its or their other professional advisers and shall not be liable or responsible for any loss suffered as a result thereof.
11. The Scheme is conditional upon the passing of the Extraordinary Resolution and to all conditions (if any) to such resolution being fulfilled.
12. If approved by the passing of the Extraordinary Resolution, this Scheme shall be binding on all Unitholders in accordance with its terms and on all persons claiming through or under them.
13. The legal, mailing and other administrative expenses associated with the proposed Merger shall be borne by the Manager. All transaction costs arising from the portfolio rebalancing of the Terminating Fund for the purpose of the Merger will be borne by the Terminating Fund.