

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

Capitalised terms in this letter have the same meaning as in the Hong Kong Offering Document of JPMorgan Funds (the “Fund”) unless otherwise specified.

31 August 2020

Dear Investor,

### **JPMorgan Funds (SICAV Range)**

We are writing to inform you of certain changes to the sub-funds of the Fund.

#### **1. Changes applicable to JPMorgan Funds - Income Fund and JPMorgan Funds - US Aggregate Bond Fund**

##### Investment in mortgage-backed securities and/or asset-backed securities

The Hong Kong Offering Document of the Fund has been updated to clarify and enhance the investment policies of JPMorgan Funds - Income Fund and JPMorgan Funds - US Aggregate Bond Fund in relation to investment in mortgage-backed securities (“MBS”) and/or asset-backed securities (“ABS”).

The investment policies of such sub-funds have been updated to include the expected percentage of assets which may be invested in ABS and MBS, and a description of MBS/ABS, underlying assets and any applicable credit quality restrictions.

These updates reflect how such sub-funds are currently being managed and do not affect their risk profiles.

For details of the updates, please refer to the Appendix to this letter.

Enhancement has also been made to the risk disclosures in relation to ABS and MBS in the Hong Kong Offering Document.

##### Securities lending

The Hong Kong Offering Document has been amended to reflect that JPMorgan Funds - Income Fund and JPMorgan Funds - US Aggregate Bond Fund have been added to the securities lending programme. The expected proportion of the assets under management of each sub-fund that could be subject to securities lending fluctuates between 0% and 20%, the latter being the maximum.

#### **2. Changes applicable to JPMorgan Funds - Emerging Markets Local Currency Debt Fund**

The investment policy of JPMorgan Funds - Emerging Markets Local Currency Debt Fund has been amended to provide that the sub-fund may invest more than 10% and up to 20% of its Net

Asset Value in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade. Subject to changes in sovereign ratings, such sovereign issuers could potentially include, but are not limited to, Brazil and Turkey. The majority of issuers in the Sub-Fund are likely to be represented in the benchmark J.P. Morgan Government Bond Index - Emerging Markets Global Diversified (Total Return Gross), because the Investment Manager uses it as a basis for portfolio construction, but has some discretion to deviate from its composition and risk characteristics within indicative risk parameters. The Sub-Fund will resemble the composition and risk characteristics of its benchmark; however, the Investment Manager's discretion may result in performance that differs from the benchmark. The professional judgment of the Investment Manager will take into account reasons for investment that may include a favourable outlook on the sovereign issuer, potential for rating upgrades, and the expected changes in the value of such investments due to rating changes. Please note the ratings of sovereign issuers may change from time to time and the abovementioned sovereigns are named only for reference and are subject to change.

The Hong Kong Offering Document has been amended to reflect the risks associated with concentration in debt securities issued and/or guaranteed by a single sovereign which is below investment grade.

### **3. Environmental, Social and Governance factors**

Environmental, social and governance (“ESG”) factors are integrated into the investment process of the following sub-funds of the Fund: JPMorgan Funds - America Equity Fund, JPMorgan Funds - Emerging Middle East Equity Fund, JPMorgan Funds - Emerging Europe Equity Fund, JPMorgan Funds - Global Unconstrained Equity Fund, JPMorgan Funds - Asia Pacific Income Fund, JPMorgan Funds - Global Natural Resources Fund, JPMorgan Funds - Russia Fund, JPMorgan Funds - Korea Equity Fund, JPMorgan Funds - Brazil Equity Fund, JPMorgan Funds - Total Emerging Markets Income Fund, JPMorgan Funds - US Growth Fund, JPMorgan Funds - US Technology Fund and JPMorgan Funds - US Value Fund.

The disclosures in the Hong Kong Offering Document in relation to the ESG factors relevant to the sub-funds of the Fund have been enhanced. Please refer to the updated Hong Kong Offering Documents for details.

### **4. Liquidity Risk Management Policy**

The disclosure on the Management Company's liquidity risk management framework and tools in respect of the Fund and the sub-funds has been enhanced. Please refer to the updated Hong Kong Offering Documents for details.

### **5. Haircut Policies in relation to Collateral for Securities Lending**

The Hong Kong Offering Document has been amended to reflect that equities can be accepted as collateral for securities lending and that the haircut applicable is 10%.

The updated offering documents of the Fund and the sub-funds reflecting the above amendments are available free of charge upon request during normal working hours at the registered office of JPMorgan Funds (Asia) Limited<sup>1</sup>, and on our website [am.jpmorgan.com/hk](http://am.jpmorgan.com/hk)<sup>2</sup>.

<sup>1</sup> The registered office of JPMorgan Funds (Asia) Limited is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

<sup>2</sup> The website has not been reviewed by the Securities and Futures Commission.

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 sub-funds 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 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  
as Hong Kong Representative of the Fund

A handwritten signature in black ink, appearing to be 'Edwin TK Chan', written over a circular stamp or seal.

Edwin TK Chan  
Director

## Appendix

Extract of the investment policy of **JPMorgan Funds - Income Fund**, with amendments shown in bold and underline:

“At least 67% of the Sub-Fund’s assets will be invested in debt securities issued in developed markets and Emerging Markets, including, but not limited to, debt securities issued by governments and their agencies, state and provincial governmental entities and supranational organisations, corporate debt securities, asset-backed securities, mortgage-backed securities and covered bonds. Issuers of these securities may be located in any country. For the definition of Emerging Markets, please refer to “DEFINITIONS” section of this Offering Document.

**The Sub-Fund is expected to invest between 20% and 70% of its assets in mortgage-backed securities (“MBS”) and/or asset-backed securities (“ABS”) of any credit quality, however, due to the unconstrained investment approach, the actual investment level may vary. MBS which may be agency (issued by quasi US government agencies) and non-agency (issued by private institutions) refers to debt securities that are backed by mortgages, including residential and commercial mortgages, and ABS refers to those that are backed by other types of assets such as credit card debt, car loans, consumer loans and equipment leases.**”

Extract of the investment policy of **JPMorgan Funds - US Aggregate Bond Fund**, with amendments shown in bold and underline:

“At least 67% of the Sub-Fund’s assets (excluding cash and cash equivalents) will be invested in investment grade debt securities (**including mortgage-backed securities and asset-backed securities**) issued or guaranteed by the US government or its agencies and by companies that are domiciled in, or carrying out the main part of their economic activity in, the US. ~~These may include mortgage-backed securities.~~

**The Sub-Fund is expected to invest between 40% and 60% of its assets in mortgage-backed securities (“MBS”) and/or asset-backed securities (“ABS”). MBS which may be agency (issued by quasi US government agencies) and non-agency (issued by private institutions) refers to debt securities that are backed by mortgages including residential and commercial mortgages, and ABS refers to those that are backed by other types of assets such as credit card debt, car loans, consumer loans and equipment leases.**”