

**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.**

Terms otherwise not defined in this letter will have the same meaning as those defined in the Explanatory Memorandum of the Trusts.

13 June 2022

Dear Investor,

**JPMorgan SAR American Fund / JPMorgan SAR Asian Bond Fund /  
JPMorgan SAR Asian Fund / JPMorgan SAR European Fund /  
JPMorgan SAR Global Bond Fund / JPMorgan SAR Global Emerging Markets Fund /  
JPMorgan SAR Greater China Fund / JPMorgan SAR HK\$ Bond Fund /  
JPMorgan SAR Hong Kong Fund / JPMorgan SAR Investment Grade Corporate Bond Fund /  
JPMorgan SAR Japan Fund**  
(individually, the “Trust” or collectively, the “Trusts”)

We are writing to inform you of the following changes to the Trusts, which will take effect from 25 July 2022 (the “Effective Date”), unless otherwise stated.

#### **1. Change of pricing model**

To align with the market practice and to simplify the pricing model, the pricing model of the Trusts will change from an offer price/bid price model to pricing based on net asset value per unit.

Currently, units of each Trust are issued at the offer price and are redeemed at the bid price. The offer price is calculated by reference to the net asset value per unit, inclusive of the applicable fiscal and purchase charge and initial charge whereas the bid price is calculated by reference to the net asset value per unit, taking into account the applicable fiscal and sale charge and redemption charge.

With effect from and including the Effective Date, the pricing model will change such that the concept of different offer price and bid price will be removed. Accordingly, units of each Trust will be issued and redeemed at the net asset value per unit of the relevant class as at the close of business on the relevant dealing day. Since switching is generally effected by way of a redemption order and a subsequent subscription order, this change of pricing model shall effectively apply to switching as well.

The change of pricing model also entails the following consequential changes from the Effective Date onwards:

	<b>Current arrangement</b>	<b>Arrangement with effect from Effective Date</b>
<i>Initial charge and redemption charge</i>	The Manager may levy an initial charge of up to 5 per cent. of the offer price of the units applied (except issue	As a result from the change of pricing model, the initial charge will be a percentage of the net asset value per unit instead of the offer price. There

	<p>of units to AIA MPF Schemes where the maximum level is 3 per cent. of the offer price of the units applied) and such charge is included in the offer price.</p> <p>The Manager may levy a redemption charge of up to 0.5 per cent. of the net asset value per unit upon redemption of units and such charge is included in the bid price.</p>	<p>will be no change to the maximum levels of the initial charge (i.e. up to 5 per cent. of net asset value per unit (except issue of units to AIA MPF Schemes where the maximum level is 3 per cent. of net asset value per unit)) and redemption charge (i.e. up to 0.5 per cent. of net asset value per unit).</p> <p>Also, the manner in which the initial charge and redemption charge will be applied in the course of calculating the number of units allocated to an investor (in the case of subscription) and the redemption monies payable (in the case of redemption) will change such that the initial charge and redemption charge will be deducted from the gross subscription amount and redemption monies respectively where applicable.</p> <p>The initial charge and redemption charge will be rounded down to two decimal places.</p>
	<p>The Manager currently does not levy any initial charge or redemption charge and there will be no change in this regard as a result from the change of pricing model from the Effective Date.</p>	
<p><i>Fiscal and purchase charge / fiscal and sale charge</i></p>	<p>Upon the issue of units and redemption of units, the Manager is entitled to charge (i) fiscal and purchase charge and (ii) fiscal and sale charge, which are included in the offer price and bid price respectively.</p> <p>Nonetheless, the Manager does not levy any such fiscal and purchase charge and fiscal and sales charge under normal circumstances.</p>	<p>With effect from the Effective Date, (i) fiscal and purchase charge and (ii) fiscal and sale charge will be removed (and changed to a swing pricing adjustment mechanism, as further detailed below).</p>
<p><i>Rounding</i></p>	<p>Offer price is rounded up to 2 decimal places whereas bid price is rounded down to the nearest cent.</p> <p>The subscription monies are rounded up to the nearest whole unit in the Base</p>	<p>The net asset value per unit used for the purpose of calculating the number of units to be allocated to an investor (in the case of subscription) and the redemption monies payable (in the case of redemption) will be naturally rounded to two decimal places.</p>

	<p>Currency of the relevant class whereas redemption monies are rounded down to the nearest whole unit in the Base Currency of the relevant class.</p>	<p>For applicants who subscribe by number of units, the subscription monies will be naturally rounded to two decimal places. For applicants who subscribe by amount, the number of units allotted will be naturally rounded to three decimal places. Where the subscription monies is rounded down or the number of units is rounded up, the amount corresponding to rounding shall accrue to the applicant. Where the subscription monies is rounded up or the number of units is rounded down, the amount corresponding to rounding shall accrue to the relevant Trust.</p> <p>For applicants who redeem by number of units, redemption monies will be naturally rounded to two decimal places. For applicants who redeem by amount, the number of units redeemed will be naturally rounded to three decimal places. Where the amount of redemption monies is rounded up or the number of units redeemed is rounded down, the amount corresponding to rounding shall accrue to the applicant. Where the amount of redemption monies is rounded down or the number of units redeemed is rounded up, the amount corresponding to rounding shall accrue to the relevant Trust.</p> <p>Please refer to Appendix A of this notice for the illustrative examples of the rounding arrangement.</p>
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## 2. Swing pricing adjustment mechanism

To align with the market practice, the Manager has decided to change fiscal and purchase charge and fiscal and sale charge into swing pricing adjustment mechanism for the Trusts with effect from the Effective Date.

From the Effective Date, if the Manager considers it is in the interests of all unitholders, in calculating the net asset value per unit, the Manager may, when the net capital flow of a Trust exceeds the threshold pre-determined by the Manager from time to time, make adjustment to the net asset value per unit upwards (for net capital inflows into

the Trust) or downwards (for net capital outflows out of the Trust) in order to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments, including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges. Examples of circumstances which may cause net capital flow include net unit dealing due to subscription/redemption requests, fund mergers where there are asset flows into/out of the Trust, etc.

Under normal market conditions, such swing pricing adjustment will not exceed 2% of the net asset value per unit of the Trust or class (in respect of Trusts with different classes). However, it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5% unless with the approval of the Trustee and the Authority and/or the SFC (if required).

### **3. Changes in relation to the payment method of subscription monies**

Currently, investors who subscribe for units of the Trusts directly through JPMorgan Funds (Asia) Limited, as the Transfer Agent of the Trusts<sup>1</sup>, shall make payment for subscription of units of the Trusts to the Transfer Agent by cheque or by telegraphic/bank transfer.

With a view to promote the use of telegraphic/bank transfer, the Transfer Agent will no longer accept cheque for payment of subscription monies from the Effective Date.

Please note that applicants are required to pay any bank or other administrative charges related to the telegraphic/bank transfer. The subscription amount should be transferred net of any bank and other administrative charges.

### **4. Changes in relation to the payment method of redemption proceeds**

Currently, redemption proceeds of the Trusts are paid to unitholders who deal in their units directly through the Transfer Agent<sup>1</sup> by cheque, posted at the risk of the unitholder.

With a view to promote the use of telegraphic/bank transfer, the Transfer Agent will no longer pay redemption proceeds by cheque from the Effective Date. Instead, payment will only be made by telegraphic/bank transfer. Unitholders may be liable for any bank charges on payment by telegraphic/bank transfer. Where the unitholder has not provided bank payment details or the bank payment details provided are incorrect, such redemption request will not be considered as a duly completed request and payment of redemption proceeds will only be made upon the unitholder providing the correct bank payment details.

Therefore, from the Effective Date onwards, redemption proceeds will be withheld if the unitholder has not provided correct bank payment details for telegraphic/bank transfer. Investors who wish to check or update their bank payment details may contact the Manager through our J.P. Morgan Pension Services on (852) 2978 7588.

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<sup>1</sup> The dealing procedures described in the offering documents of the Funds and in this notice are only applicable to dealings made through JPMorgan Funds (Asia) Limited. Other distributors may have different dealing procedures. As such, investors who intend to subscribe, redeem or switch units through a distributor other than JPMorgan Funds (Asia) Limited should consult the relevant distributor to find out the dealing procedures that are applicable to them.

## **5. Enhancement of disclosures related to the effective currency exposure of JPMorgan SAR Global Bond Fund**

The disclosures related to JPMorgan SAR Global Bond Fund in the Explanatory Memorandum will be enhanced to state that the currency exposure of the assets of the Trust will be hedged back into Hong Kong dollar such that the Trust's effective currency exposure to Hong Kong dollar will be at least 30%.

## **6. Amendments to the Trust Deed in relation to electronic dissemination of documents**

With effect from the Effective Date, the Trust Deed of each Trust will be amended to provide the flexibility that notice or other documents related to the Trust (the "**Product Documents**") may be disseminated to unitholders electronically ("**E-Dissemination Arrangement**").

For investors who invested in the Trusts through the Transfer Agent, the Transfer Agent has no specific timeline for the implementation of E-Dissemination Arrangement and you will continue to receive Product Documents in paper form.

For investors who invested in the Trusts through other distributors, since the arrangements of each distributor may be different, you will be contacted by the relevant distributor in relation to the procedures of E-Dissemination Arrangement that are applicable to you if your distributor intends to change the means of disseminating Product Documents to electronic means.

## **6. Other general updates to the Explanatory Memorandum and the Trust Deed of each Trust**

The Explanatory Memorandum will also be updated to reflect the following general updates:

- update to the risk disclosures related to London Interbank Offer Rate discontinuance or unavailability risk;
- update to the list of directors of the Manager;
- clarification of the availability of liquidity information with respect to each Trust upon request; and
- general tax updates.

The Trust Deed of each Trust will be amended to reflect the following general updates:

- amendment to the provisions in relation to modification of Trust Deed of the Trusts to better align with the prevailing regulations (and such amendment shall take immediate effect);
- clarificatory update to certain provisions in relation to the means of publication of suspension notice and net asset value per unit; and
- clarificatory update to the provision in relation to the calculation of redemption charge.

Save as described above, there will not be any changes to the manner in which the Trusts operate or are managed, and there will be no other impact on the features and risk profile of the Trusts. The changes above will not have any material adverse impact on the unitholders or materially prejudice the unitholders' rights or interests. There is no change to the fee levels of the Trusts.

The costs associated with the changes set out in sections 1, 2, 3 and 4 above, estimated to be approximately USD 62,000, will be borne by the Trusts equally.

If, as a consequence of the above changes, you wish to redeem or switch your holding in the Trusts into any other funds which are managed by JPMorgan Funds (Asia) Limited or for which it acts as Hong Kong representative and which are authorised by the Securities and Futures Commission (“SFC”) for sale to the public in Hong Kong, you may do so free of charge during the waiver period between 13 June 2022 and 22 July 2022<sup>2</sup>. Please note that the pricing model, swing pricing adjustment mechanism and payment methods of subscription monies and redemption proceeds mentioned above have been or will be adopted by some of these funds also. Prior to switching to such funds, investors should read and understand the investment objective, policies, risks factors, fees and other information applicable to such funds as described in the relevant Hong Kong offering documents and investor notices (if applicable). Details of such funds (including the relevant offering documents and investor notices (if applicable)) can be found on our website [www.jpmorgan.com/hk/am/](http://www.jpmorgan.com/hk/am/)<sup>3</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.

The Explanatory Memorandum of the Trusts and the Trust Deeds of the respective Trusts will be amended to reflect the changes as mentioned above.

The current Explanatory Memorandum of the Trusts is available free of charge upon request at the registered office of JPMorgan Funds (Asia) Limited as the Administrator of the Trusts<sup>4</sup>, and on our website [www.jpmorgan.com/hk/am/](http://www.jpmorgan.com/hk/am/)<sup>3</sup>. The current Trust Deeds of the respective Trusts are available for inspection free of charge during normal working hours at the registered office of JPMorgan Funds (Asia) Limited as the Administrator of the Trusts<sup>4</sup>. The updated Explanatory Memorandum reflecting the above changes and the revised Trust Deeds of the respective Trusts will be available on or after the Effective Date.

The Manager of the Trusts accepts responsibility for the accuracy of the contents of this letter.

Should you have any questions regarding the above, please do not hesitate to contact your designated client adviser, account manager, pension scheme trustee or administrator.

Yours faithfully,  
For and on behalf of  
JPMorgan Asset Management (Asia Pacific) Limited



Regina Liu  
Head of Hong Kong Institutional Business

<sup>2</sup> Please note that although we will not impose any charges in respect of your switching instructions, your bank, distributor or financial adviser may charge you switching and/or transaction fees. You are advised to contact your bank, distributor or financial adviser should you have any questions.

<sup>3</sup> The website has not been reviewed by the SFC.

<sup>4</sup> The registered office of the Administrator is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

## Appendix A

The below examples are used to illustrate the rounding arrangement after the change of pricing model to pricing based on net asset value per unit from and including the Effective Date.

### **Subscription/ Redemption by units**

Scenario	Subscribed units / Number of units redeemed (A)	Net asset value per unit (B)	Subscription amount/ Redemption proceeds before rounding (A x B)	Subscription amount actually payable by/ Redemption amount actually payable to the applicant after rounding to two decimal places	Remarks
Rounding down	100.1 units	HK\$ 10.12	HK\$ 1,013.012	HK\$ 1,013.01	A rounding balance of HK\$ 0.002 is accrued to the applicant (for subscription by units) or to the Trust (for redemption by units)
Rounding up	100.4 units	HK\$ 10.12	HK\$ 1,016.048	HK\$ 1,016.05	A rounding balance of HK\$ 0.002 is accrued to the Trust (for subscription by unit) or to the applicant (for redemption by units)

**Subscription/ Redemption by amount**

Scenario	Subscription amount/ Redemption amount (A)	Net asset value per unit (B)	Number of units allotted/ redeemed before rounding (A / B) (accurate to five decimal places)	Number of units actually allotted/ redeemed after rounding to three decimal places	Remarks
Rounding down	HK\$ 1,000	HK\$ 10.12	98.81423 units	98.814 units	A rounding balance of 0.00023 unit is accrued to the Trust (for subscription by amount) or to the applicant (for redemption by amount)
Rounding up	HK\$ 1,000	HK\$ 10.23	97.75171 units	97.752 units	A rounding balance of 0.00029 unit is accrued to the applicant (for subscription by amount) or to the Trust (for redemption by amount)