

# Change to the expected level of leverage for JPMorgan Funds - Systematic Alpha Fund (the “Sub-Fund”)

29.07.2020

The expected level of leverage, expressed as a percentage of a Sub-Fund’s net asset value, stated in the prospectus has increased for JPMorgan Funds – Systematic Alpha Fund: from 350% to 500%. There is no change to the Sub-Fund's risk profile or the way it is managed.

The Sub-Fund has the ability to use financial derivative instruments to achieve its investment objective, for efficient portfolio management and for the purposes of hedging. Recently, the investment manager has, in line with the Sub-Fund’s investment policy, increased the use of these instruments and as a result the expected level of leverage has changed. The expected leverage is a measure of the gross aggregate notional<sup>1</sup> amount of derivatives held within the Sub-Fund and as such will vary depending on the use of financial derivative instruments.

The Sub-Fund allocates its assets across a number of hedge fund strategies depending on market opportunities. Each strategy will contribute to the level of leverage to varying degrees depending on its allocation within the portfolio at any given time and the actual levels of leverage can fluctuate significantly. The expected level of leverage of 500% is representative of the typical level of leverage and is mainly attributed to the use of equity and fixed income futures and swaps (including interest rate swaps and total return swaps). These instruments can have high notional values which increase the expected level of leverage.

The sum of notionals methodology does not allow for the netting of financial derivative instrument positions which can include hedging transactions and other risk-mitigating strategies. As a result, financial derivative instrument roll overs and strategies relying on more highly leveraged instruments, as described above, may contribute to an increase in the level of leverage whereas they may not increase or only moderately increase the overall risk profile of the Sub-Fund which is monitored and limited according to the UCITS regulation.

The Derivatives section of the Sub-Fund in the Prospectus has been updated to reflect this. Should you have any questions about the change being made or any other aspect of JPMorgan Funds, please contact the Registered Office of the Sub-Fund or your usual local representative.

Representative in Switzerland: JPMorgan Asset Management (Switzerland) LLC, Dreikönigstrasse 37, 8002 Zurich. Paying Agent in Switzerland: J.P. Morgan (Suisse) SA, 8 Rue de la Confédération, 1204 Geneva. The prospectus, the key investor information documents, the articles of incorporation and the annual and semi-annual financial report may be obtained free of charge from the representative.

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