

Q&A – JPMorgan Fund ICVC Fund Mergers

March 2018

On 26 February 2018, J.P. Morgan Asset Management announced the proposed mergers detailed below. This document contains key information you may find useful in making a determination regarding your investment in these funds and must be read in conjunction with the shareholder mailing.

Proposed Fund Mergers

Merging funds	Receiving funds
JPM Emerging Europe Equity Fund	JPM Emerging Markets Fund
JPM US Fund	JPM US Select Fund

For each merger to take effect, an extraordinary resolution must be passed at an Extraordinary General Meeting (“EGM”) of shareholders. If approved at the EGMs on 13th April 2018, the mergers will take place on 28th April 2018 (a Saturday for accounting purposes).

The resolution for each merging fund must be passed by a majority of not less than 75% of the votes validly cast at the EGM by shareholders who were on the register of the merging fund on the cutoff date of 6th February 2018.

Merger Date: 28th April 2018 (a Saturday for accounting purposes)

1 Why is JPMorgan proposing to merge these funds?

JPM Emerging Europe Equity Fund into JPM Emerging Markets Fund;

Due to continued significant outflows from the fund, the Authorised Corporate Director (“ACD”) believes that the merging fund above has limited prospects for growth.

JPM US Fund into JPM US Select Fund;

The merging fund and the receiving fund have overlapping investment strategies and the ACD wishes to continue to offer the strategy followed by the receiving fund as it believes this has better prospects for future growth.

2 What are the potential benefits to shareholders?

JPM Emerging Europe Equity Fund into JPM Emerging Markets Fund;

- The merger will give you the benefit of investing in a larger fund that has the prospect of stronger growth in assets in the future as well as potentially benefiting from economies of scale.
- The receiving fund has a broader investment universe and, therefore offers the benefits of increased diversification.

JPM US Fund into JPM US Select Fund;

- If you are invested in the A, B or C Share Classes of JPM US Fund, the merger will give you the benefit of investing in a fund with lower fees

3 How were the proposed mergers communicated to shareholders and financial intermediaries?

Shareholders: On 26th February 2018, letters were sent to all shareholders who were invested in each of the merging funds as of 6th February 2018.

The letter to shareholders contained information on:

- An Extraordinary General Meeting (“EGM”) at which they can exercise their right to vote for or against the relevant merger; including:
 - The terms of the EGM;
 - Key dates and location of the EGM, and;
 - The deadline for voting.
- Reason for the proposed merger;
- Options available to investors;
- Merger timeline and impact to shareholders;
- Key differences between the investment policies of the merging and receiving funds;
- Potential benefits and drawbacks to shareholders;
- A detailed comparison of the merging and receiving funds;

In addition to the letter, shareholders received for each Merging Fund:

- The Scheme of Arrangement detailing the terms of the proposed merger; and
- A Form of Proxy to exercise their right to vote (for shareholders investing directly in the funds), or;

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- A Form of Instruction to exercise their right to vote (for shareholders investing through a J.P. Morgan ISA); and

Additionally, notice of the merger has been posted at the fund level on the Fund Explorer section of the J.P. Morgan Asset Management website as well as on relevant fund factsheets.

Agents: On 26th February 2018 all agents with clients who are shareholders invested in the merging funds were mailed to inform them of the proposed mergers and any impact for them.

4 Why should a shareholder vote?

The voting result of each EGM will be binding on all shareholders of the relevant merging fund, whether or not they voted at the EGM (in person or by proxy) so it is important for each shareholder to express their choice.

Shareholders who require more information should contact their usual J.P. Morgan Asset Management representative (if applicable) or call the UK-based Client Administration Centre on 0800 20 40 20 / or +44 1268 44 44 70 (if calling from overseas).

5 How can shareholders exercise their votes?

Shareholders invested directly in a merging fund will have received a Form of Proxy to complete in order to exercise their right to vote. Shareholders investing via a J. P. Morgan ISA may vote using the Form of Instruction they received with the merger letter.

The Form of Proxy or Form of Instruction should be completed and returned to Paragon, who counts the votes, in accordance with the written instructions so as to arrive no later than 48 hours before the relevant EGM for that fund. Shareholders may also attend the EGM and vote in person if they prefer.

If the quorum required to conduct business at the EGM is not present, the EGM will be adjourned to the 20th April 2018.

Please note that, any mergers that are approved at the EGMs will affect all shareholders in the relevant merging funds and not just those shareholders that voted.

6 When will the funds be merged?

Each merger approved at an EGM on 13th April 2018 will take place on the 28th April 2018.

In respect of each merger approved at an EGM on 13th April 2018, the merging fund may commence the rebalancing exercise required to ensure that its assets are consistent with those of the receiving fund.

7 Who will bear the costs associated with the mergers?

The merging funds will bear one-time expenses associated with the transaction costs of the merger. Estimates of these costs are detailed in the relevant letter to shareholders.

The merging funds will not bear any additional legal, advisory or administrative costs associated with the merger including the production and mailing of the shareholder letters.

8 What will happen to income in the merging funds on the merger date?

The merging funds will go ex-dividend at close of business on the day prior to the merger date and an additional distribution will be paid to holders of Income Shares within 3 months of the merger date in respect of any income earned prior to the merger.

The income entitlement of holders of Accumulation Shares will be credited to capital and allocated to Accumulation Shares at close of business on the day prior to the merger date and will be included in the calculation of new shares in the receiving fund to be allocated to these holders.

9 If the mergers are approved and shareholders do not agree with the decision to merge what are their options?

If the mergers are approved at the EGM and shareholders do not agree with the decision, they will have the following options:

- Switch their investment to another fund.
- Redeem their investment

Shareholders in the merging funds may exercise their options until three business days before the merger date. Any orders received after 11.59am on 24th April 2018 will be rejected. Shareholders in the merging funds will be able to deal in their new shares in the receiving funds issued on the merger from 09.00am on 30th April 2018.

On the other hand, if the shareholders are comfortable with the merger, their shares will be automatically exchanged for shares of the receiving fund on the merger date

10 Can a new investor invest before the merger date?

Yes, any existing shareholder or new investor can subscribe, redeem or switch into the merging funds until three business days before the merger date. Any orders received after 11.59am on 24th April 2018 will be rejected. Shareholders in the merging funds will be able to deal in their new shares in the receiving funds issued on the merger from 09.00am on 30th April 2018.

Any new investor who subscribes into a merging fund between the record date of 6th February 2018 and the date of the EGM will receive a copy of the letter to shareholders and the Scheme of Arrangement for the proposed merger but will not be eligible to vote at the EGM.

Any mergers that are approved at the EGMs will affect all shareholders in the relevant merging funds even if they were not eligible to vote.

11 Will charges apply if a shareholder elects to switch/redeem?

There are no switching and redemption charges levied on the funds.

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12 What will happen if the proposed merger is not approved at the EGM?

If any proposed merger is not approved, the relevant merging fund will continue to be managed without change and the Authorised Corporate Director (the "ACD") may consider other available options.

13 Will there be any tax consequences resulting from the merger?

UK Investors

It is our intention that the proposed mergers will not constitute a disposal of shares in the merging fund for UK capital gains tax purposes. New shares issued under the Scheme in the receiving fund will be deemed to have the same acquisition cost and acquisition date for the purposes of UK capital gains tax as the shares originally acquired in the merging fund. It is not expected that any UK stamp duty or stamp duty reserve tax will be payable in connection with the Scheme.

For UK Investors that are ISA holders: If a shareholder stays in the merging fund, their ISA status will not be affected and their ISA allowance/status will be carried across to the receiving fund.

Any withdrawals by the shareholder from the ISA will mean that they have lost the tax free benefit of the ISA of the amount withdrawn.

Non-UK Investors

The mergers could result in a taxable event for non-UK investors. We recommend such shareholders seek independent tax and investment advice before making any final decision concerning their holdings affected by a merger.

We recommend that you consult an independent professional adviser to obtain specific advice relating to your personal circumstances, whether you are or not a UK resident.

14 What will happen to my regular savings or reinvestment of distributions into the merging funds if a merger proceeds?

Regular savings facilities and distribution reinvestment instructions in force immediately prior to the merger date in respect of shares in the merging fund will be transferred to the receiving fund.

15 What are the key dates surrounding the mergers?

Date	Event
6th February 2018	Record date for the mailing and voting rights
26th February 2018	Mailing date
48 hours before the start of each EGM	Form of proxy to be received by Paragon
13th April 2018	Extraordinary general meeting (EGM)
20th April 2018	Adjourned EGM (if required)
24th April 2018 - 11.59am	Last time for dealing in shares of the merging funds
28th April 2018	Effective date of merger
30th April 2018	First day of dealing in new shares

16 How will I know how many shares I have received in the receiving fund?

Shareholders will be sent a letter confirming the final conversion rates (the ratio of shares in the merging fund to shares in the receiving fund) approximately 3 weeks after the merger.

NEXT STEPS

Any further questions on the proposed mergers, please contact your usual J.P. Morgan Asset Management Representative or the Client Administration Centre on **0800 20 40 20 / +44 1268 44 44 70**. Additional information can be also found in the website <https://www.myaccountonline.co.uk/jpmorgan/>

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