

Swing pricing: The J.P. Morgan Asset Management approach

01 August 2025

Swing pricing protects existing shareholders from the performance dilution effects they may suffer as a result of transactions by other investors in a sub-fund. For those funds where it is deemed appropriate i Swing Pricing is implemented in a clear and systematic fashion.

Trading activity impact on fund performance

Trading activity incurs costs that dilute the value of existing shareholders' investments in single-priced funds. For funds valued on a single-priced mid-price basis, when the investment manager is required to transact in the market as a result of subscriptions or redemptions in a sub-fund, the costs associated with this activity (transaction costs, spread, taxes such as stamp duty) are charged to the sub-fund. This causes performance to be diluted for all existing shareholders invested in the sub-fund.

To lessen the impact of dilution, a sub-fund's net asset value (NAV) can be adjusted to make a contribution to the cost of transactions in the sub-fund. In essence, the sub-fund's single price is adjusted upwards in the case of large inflows and downwards in the case of large outflows, impacting the investors who are buying or selling rather than ongoing investors in the sub-fund.

The mechanics of swing pricing

The swing threshold is a pre-determined level currently set as a percentage of the sub-fund's net asset value, as described in more detail later. If net inflows into a sub-fund exceed this level, the NAV per share will be swung upwards by a predetermined amount (the swing factor). The price swing means that subscribing investors contribute to the cost of their transactions by paying more to enter the sub-fund.

In certain situations, it might be in the interests of shareholders in a particular sub-fund to grow the assets under management. In order to attract inflows, the Management Company may suspend the swing to offer factor, and allow investors to subscribe at mid, until such time that the sub-fund reaches a certain size or for a specific period of time (e.g. 6 months), whichever comes first. Existing investors would remain protected as the dilution arising from large inflows would be compensated to the sub-fund by the Management Company. Where

this happens any shareholders that redeem may receive redemption proceeds that will be lower than would have been the case if the swing pricing mechanism had been applied. In these situations the Management Company will continue to swing the price in the event of net outflows as normal.

If the net outflows from the sub-fund exceed the swing threshold, the NAV per share will be swung downwards by the swing factor and exiting shareholders will take a reduced amount out of the sub-fund.

The decision to swing is based on the overall net flows into the sub-fund from all investors, not per client or per share class. The NAV per share shifts for all share classes of a sub-fund, not just for those share classes experiencing inflows or outflows on a given day.

The performance benefits of swing pricing

Swing pricing aims to protect the overall performance of sub-funds, to the benefit of existing shareholders. Investors should be aware that swinging the NAV per share is likely to increase the tracking error of sub-funds and may introduce volatility into the daily prices. This should not be interpreted as an increase in the inherent level of portfolio risk, though.

J.P. Morgan Asset Management governance on swing pricing

The swing factor for each sub-fund is determined by the J.P. Morgan Asset Management Swing Pricing Committee (the "Committee"), which typically meets quarterly to ensure the appropriate level of protection. In exceptional market conditions the Committee will meet and review more frequently.

The Committee analyses the bid/offer spreads, transaction costs and potential taxes for each market in which the portfolio of each in-scope sub-fund is invested in order to determine the appropriate level

Swing pricing: The J.P. Morgan Asset Management approach in the Luxembourg domiciled SICAVs JPMorgan Funds and JPMorgan Investment Funds

of the swing factor. This means that the swing factor will vary from one sub-fund to another, depending on the asset class(es) in which they invest, the geographical focus of the sub-fund, etc. Under normal market conditions, the swing factor will not exceed 2% of the original NAV per share in any sub-fund. In exceptional market circumstances, however, this maximum level may be increased up to 5% to protect the interests of shareholders.

In order to prevent additional dilution to shareholders and to protect fund performance for ongoing investors, the Committee reviews the swing factors of each fund, at least quarterly, or as frequently as required to appropriately protect each fund.

The swing thresholds are set by the Committee at a level to ensure that those flows that would represent a significant amount of dilution in the sub-fund are

captured. Small net inflows or outflows may not require any trading activity and would not justify swinging the NAV.

. Details of the both the swing factors applied are available from the registered office of the Management Company.

Funds where swing pricing is not applied

Swing pricing is not applied to Money Market Funds, fund of funds that already have an alternative anti-dilution protection mechanism in place, funds that do not suffer from dilution, or funds where dilution does not harm other investors.

Details of the sub-funds subject to the swing waiver are located on the Swing Pricing page on the website: www.jpmorganassetmanagement.com

Further information

For additional information, please refer to the respective funds' prospectuses or contact your usual local representative.

This document has been produced for information purposes only and as such the views contained herein are not to be taken as an advice or recommendation to buy or sell any investment or interest thereto. Reliance upon information in this material is at the sole discretion of the reader. Any research in this document has been obtained and may have been acted upon by J.P. Morgan Asset Management for its own purpose.

The results of such research are being made available as additional information and do not necessarily reflect the views of J.P.Morgan Asset Management. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, J.P. Morgan Asset Management's own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. They may be subject to change without reference or notification to you.

Both past performance and yield may not be a reliable guide to future performance and you should be aware that the value of securities and any income arising from them may fluctuate in accordance with market conditions. There is no guarantee that any forecast made will come to pass.

J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co and its affiliates worldwide. You should note that if you contact J.P. Morgan Asset Management by telephone those lines may be recorded and monitored for legal, security and training purposes.

You should also take note that information and data from communications with you will be collected, stored and processed by J.P. Morgan Asset Management in accordance with the EMEA Privacy Policy which can be accessed through the following website <http://www.jpmorgan.com/pages/privacy>

Issued in Continental Europe by JPMorgan Asset Management (Europe) Société à responsabilité limitée, European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg, R.C.S. Luxembourg B27900, corporate capital EUR 10.000.000.

Issued in the UK by JPMorgan Asset Management (UK) Limited which is authorised and regulated by the Financial Conduct Authority. Registered in England No. 01161446. Registered address: 25 Bank St, Canary Wharf, London E14 5JP, United Kingdom.