

JPMorgan Funds - Enhanced Prospectus Disclosures on Investment in Mortgage-backed and Asset-backed Securities

Effective date - 29.07.2020

The prospectus of JPMorgan Funds has been updated to clarify and enhance the investment policies of the relevant Sub-Funds which are expected to invest in mortgage-backed securities (“MBS”) and/or asset-backed securities (“ABS”), as set out below.

For those Sub-Funds which are expected to invest in MBS/ABS, the investment policies have been updated to indicate a percentage of assets which may be invested in these securities. In addition, for those Sub-Funds which are expected to invest 20% or more of their assets in MBS/ABS, the investment policies have been enhanced to include a description of MBS/ABS, underlying assets and any applicable credit quality restrictions. Certain other clarifications of investments in MBS/ABS and covered bonds have been also made for clarity and consistency purposes.

For details of the relevant Sub-Funds and the above updates, please refer to the Appendix and the full version of the latest prospectus.

These updates reflect how the Sub-Funds are currently being managed and do not affect their risk profiles.

Should you have any questions about this update or any other aspect of JPMorgan Funds, please contact the Registered Office or your usual local representative.

APPENDIX – ENHANCED PROSPECTUS DISCLOSURES

Prospectus language changes - shown in bold underline italics		
Sub-Fund	Before	After
JPMorgan Funds - Global Strategic Bond Fund	<p>Main investment exposure The majority of assets invested, either directly or through derivatives, in debt securities issued or guaranteed by governments or their agencies, state and provincial governmental entities, supranationals, corporate debt securities, MBSs/ABSs (including covered bonds) and currencies. [...].</p> <p>A significant portion of assets may be invested in MBS/ABS.</p>	<p>Main investment exposure The majority of assets invested, either directly or through derivatives, in debt securities issued or guaranteed by governments or their agencies, state and provincial governmental entities, supranationals, corporate debt securities, MBS/ABS, covered bonds and currencies. [...].</p> <p><i><u>The Sub-Fund is expected to invest between 45% and 75% 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.</u></i></p>



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Sub-Fund	Before	After
JPMorgan Funds – Income Fund	<p>Main investment exposure At least 67% of assets invested in debt securities issued in developed and emerging markets such as [...], MBSs/ABSs and covered bonds.</p>	<p>Main investment exposure At least 67% of assets invested in debt securities issued in developed and emerging markets such as [...], MBS/ABS and covered bonds.</p> <p><i><u>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.</u></i></p>
JPMorgan Funds – US Aggregate Bond Fund	<p>Main investment exposure At least 67% of assets invested in investment grade debt securities issued or guaranteed by the US government or its agencies and by agencies and by companies that are domiciled, or carrying out the main part of their economic activity, in the US. These may include MBS.</p>	<p>Main investment exposure At least 67% of assets invested in investment grade debt securities (<i>including MBS/ABS</i>) issued or guaranteed by the US government or its agencies and by agencies and by companies that are domiciled, or carrying out the main part of their economic activity, in the US.</p> <p><i><u>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.</u></i></p>
JPMorgan Funds – US Short Duration Bond Fund	<p>Main investment exposure A significant portion of assets may be invested in MBS/ABS, which will be rated at least investment grade by an independent rating agency at time of purchase.</p> <p>Debt securities will be rated investment grade at the time of purchase.</p>	<p>Main investment exposure <i><u>The Sub-Fund is expected to invest between 25% and 50% 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.</u></i></p> <p>Debt securities, <i>including MBS/ABS</i>, will be rated investment grade at the time of purchase.</p>
JPMorgan Funds – Aggregate Bond Fund	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in investment grade debt securities from issuers anywhere in the world, including emerging markets.</p> <p>The Sub-Fund may invest a significant portion of its assets in MBSs/ABSs and covered bonds, with less significant exposure to other structured products.</p> <p>The Sub-Fund may invest to a limited extent in below investment grade and unrated debt securities.</p> <p>Sub-Fund Derivatives Usage - Main types of derivatives used: Forwards, Futures, Options, All Other Swaps & CDX / iTraxx</p>	<p>Main investment exposure. At least 67% of assets invested, either directly or through derivatives, in investment grade debt securities (<i>including MBS/ABS</i>) from issuers anywhere in the world, including emerging markets.</p> <p><i><u>The Sub-Fund is expected to invest between 5% and 30% 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.</u></i></p> <p>The Sub-Fund may invest to a limited extent in <i>covered bonds and in</i> below investment grade and unrated debt securities.</p> <p>Sub-Fund Derivatives Usage - Main types of derivatives used: Forwards, Futures, Options, All Other Swaps & CDX / iTraxx, <i>Mortgage TBAs</i></p>

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JPMorgan Funds – Global Bond Opportunities Fund	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in debt securities, including but not limited to, [...], MBS/ABS (including covered bonds) and currencies. [...].</p> <p>A significant portion of assets may be invested in MBS/ABS.</p>	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in debt securities, including but not limited to, [...], MBS/ABS, covered bonds and currencies. [...].</p> <p><i><u>The Sub-Fund is expected to invest between 10% and 30% 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.</u></i></p>
JPMorgan Funds – Global Bond Opportunities Sustainable Fund	<p>Main investment exposure Invested either directly or through derivatives, in a portfolio of debt securities positively positioned towards Sustainable Debt Securities and debt securities issued by companies and countries that demonstrate improving sustainable characteristics including, but not limited to, [...], MBS/ABS (including covered bonds) and currencies. [...].</p> <p>The Sub-Fund may also invest a significant portion of its assets in MBS/ABS.</p>	<p>Main investment exposure Invested either directly or through derivatives, in a portfolio of debt securities positively positioned towards Sustainable Debt Securities and debt securities issued by companies and countries that demonstrate improving sustainable characteristics including, but not limited to, [...], MBS/ABS, covered bonds and currencies. [...].</p> <p><i><u>The Sub-Fund is expected to invest between 10% and 30% 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.</u></i></p>
JPMorgan Funds – Global Aggregate Bond Fund	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in investment grade debt securities from issuers anywhere in the world, including emerging markets. The Sub-Fund may invest in below investment grade and unrated securities and may invest a significant portion of assets in MBSs/ABSs and covered bonds.</p>	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in investment grade debt securities (<i><u>including MBS/ABS</u></i>) from issuers anywhere in the world, including emerging markets.</p> <p><i><u>The Sub-Fund is expected to invest between 5% and 30% 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.</u></i></p> <p>The Sub-Fund may invest in below investment grade and unrated securities <i><u>and may invest in covered bonds to a limited extent.</u></i></p>

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Sub-Fund	Before	After
JPMorgan Funds - Global Short Duration Bond Fund	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in investment grade short-term debt securities of issuers anywhere in the world, including emerging markets. The Sub-Fund may invest a significant portion of assets in MBS/ABS and covered bonds, with a less significant exposure to other structured products. [...]</p> <p>From time to time the Sub-Fund may have exposure to below investment grade securities as a result of credit downgrades.</p>	<p>Main investment exposure At least 67% of assets invested, either directly or through derivatives, in investment grade short-term debt securities (<i>including MBS/ABS</i>) of issuers anywhere in the world, including emerging markets.</p> <p><i>The Sub-Fund is expected to invest between 5% and 20% 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. [...]</i></p> <p><i>The Sub-Fund may invest in covered bonds to a limited extent and</i> from time to time may have exposure to below investment grade securities as a result of credit downgrades.</p>
JPMorgan Funds - Global Multi-Strategy Income Fund	<p>Main investment exposure Primarily invests in UCITS and UCIs managed or distributed by companies in the JPMorgan Chase & Co. group including other Sub-Funds of the Fund. Such UCITS and UCIs will have exposure to a range of asset classes such as equities, debt securities of any credit quality, convertible securities, currencies, commodities, real estate and money market instruments.</p>	<p>Main investment exposure Primarily invests in UCITS and UCIs managed or distributed by companies in the JPMorgan Chase & Co. group including other Sub-Funds of the Fund. Such UCITS and UCIs will have exposure to a range of asset classes such as equities, debt securities of any credit quality (<i>including MBS/ABS</i>), convertible securities, currencies, commodities, real estate and money market instruments. <i>The Sub-Fund's exposure to MBS/ABS is expected to be between 5% and 25%.</i></p> <p>Investment Risks [...] <i>MBS/ABS</i></p>
JPMorgan Funds - Multi-Manager Alternatives Fund	<p>Main investment exposure The Sub-Fund may invest in distressed debt, MBS/ABS and catastrophe bonds to a limited extent, and up to 10% in contingent convertible bonds.</p>	<p>Main investment exposure The Sub-Fund may invest in distressed debt and catastrophe bonds to a limited extent, <i>up to 15%</i> in MBS/ABS and up to 10% in contingent convertible bonds.</p>
JPMorgan Funds - Managed Reserves Fund	<p>Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS.</p>	<p>Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS (<i>up to 15%</i>).</p>
JPMorgan Funds - Sterling Managed Reserves	<p>Main investment exposure At least 67% of assets invested in GBP denominated debt securities, such as UK Government securities, securities issued or guaranteed by the UK Government or its agencies, agency securities, corporate bonds and MBSs/ABSs (to a limited extent).</p>	<p>Main investment exposure At least 67% of assets invested in GBP denominated debt securities, such as UK Government securities, securities issued or guaranteed by the UK Government or its agencies, agency securities, corporate bonds and MBS/ABS (<i>up to 15%</i>).</p>
JPMorgan Funds - Euro Aggregate Bond Fund	<p>Main investment exposure [...] The Sub-Fund may invest a significant portion of its assets in MBSs/ABSs and covered bonds, with less significant exposure to other structured products.</p>	<p>Main investment exposure [...] The Sub-Fund may invest <i>up to 15%</i> of its assets in MBS/ABS and in covered bonds <i>to a limited extent.</i></p>
JPMorgan Funds - Italy Flexible Bond Fund	<p>Main investment exposure At least 67% of assets invested directly in debt securities issued or guaranteed by the Italian government or its agencies.</p> <p>The Sub-Fund will overlay direct investments with long and short derivative positions to gain exposure to global debt securities such as government debt of governments and their agencies, state and provincial governmental entities, supranational organisations, corporations, banks, MBS/ABS as well as to below investment grade and unrated debt securities.</p>	<p>Main investment exposure At least 67% of assets invested directly in debt securities issued or guaranteed by the Italian government or its agencies.</p> <p>The Sub-Fund will overlay direct investments with long and short derivative positions to gain exposure to global debt securities such as government debt of governments and their agencies, state and provincial governmental entities, supranational organisations, corporations, banks, MBS/ABS (<i>up to 15%</i>) as well as to below investment grade and unrated debt securities.</p>
JPMorgan Funds - Flexible Credit Fund	<p>Main investment exposure [...] The Sub-Fund may invest in collateralised loan obligations and other types of MBS/ABS. The Sub-Fund may invest in distressed debt and securities in default to a limited extent.</p>	<p>Main investment exposure [...] The Sub-Fund may invest <i>up to 10% of its assets in</i> MBS/ABS <i>and</i> may invest in distressed debt and securities in default to a limited extent.</p>

APPENDIX – ENHANCED PROSPECTUS DISCLOSURES *continued*

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Sub-Fund	Before	After
JPMorgan Funds - Managed Reserves Fund	Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS.	Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS <i>(up to 15%)</i> .
JPMorgan Funds - Sterling Managed Reserves	Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS.	Main investment exposure At least 67% of assets invested in USD denominated debt securities such as US Treasury securities, securities issued or guaranteed by the US government or its agencies, corporate debt securities and ABS <i>(up to 15%)</i> .
JPMorgan Funds - Sterling Managed Reserves	Main investment exposure At least 67% of assets invested in GBP denominated debt securities, such as UK Government securities, securities issued or guaranteed by the UK Government or its agencies, agency securities, corporate bonds and MBSs/ABSs (to a limited extent).	Main investment exposure At least 67% of assets invested in GBP denominated debt securities, such as UK Government securities, securities issued or guaranteed by the UK Government or its agencies, agency securities, corporate bonds and MBS/ABS <i>(up to 15%)</i> .
JPMorgan Funds - Flexible Credit Fund	Main investment exposure [...] The Sub-Fund may invest in collateralised loan obligations and other types of MBS/ABS. The Sub-Fund may invest in distressed debt and securities in default to a limited extent.	Main investment exposure [...] The Sub-Fund may invest <i>up to 10% of its assets</i> in MBS/ABS and may invest in distressed debt and securities in default to a limited extent.
JPMorgan Funds - Emerging Markets Strategic Bond Fund	Main investment exposure [...] The Sub-Fund may invest in ABS. Investment Risks MBS/ABS	Main investment exposure [...] The Sub-Fund may invest <i>up to 5% of its assets</i> in ABS. Investment Risks ABS
JPMorgan Funds - Global Corporate Bond Duration-Hedged Fund	–	Other investment exposure [...]; <i>up to 5% in MBS/ABS</i> . Investment Risks [...] <i>MBS/ABS</i>
JPMorgan Funds - Global Corporate Bond Fund	–	Other investment exposure [...]; <i>up to 5% in MBS/ABS</i> . Investment Risks [...] <i>MBS/ABS</i>
JPMorgan Funds - Euro Corporate Bond Fund	–	Other investment exposure [...]; <i>up to 5% in MBS/ABS</i> . Investment Risks [...] <i>MBS/ABS</i>
JPMorgan Funds - Financials Bond Fund	–	Other investment exposure [...]; <i>up to 5% in MBS/ABS</i> . Investment Risks [...] <i>MBS/ABS</i>
JPMorgan Funds - Sterling Bond Fund	–	Other investment exposure [...]; <i>up to 5% in MBS/ABS</i> . Investment Risks [...] <i>MBS/ABS</i>

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