

Addendum dated December 2011 to each of the following Explanatory Memoranda or Summary of Explanatory Memoranda (as the case may be) of the respective trusts, as amended from time to time:

- **Explanatory Memorandum of the JF Provident European Fund dated September 2011**
- **Explanatory Memorandum of the JF Provident Global Bond Fund dated April 2011**
- **Explanatory Memorandum of the JF Provident Greater China Fund dated September 2007**
- **Explanatory Memorandum of the JF Provident Hong Kong Fund dated September 2011**
- **Summary of Explanatory Memorandum of the JF Provident Balanced Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Capital Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Growth Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident High Growth Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident HK\$ Money Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident Stable Capital Fund dated 6 May 2005**
- **Summary of Explanatory Memorandum of the JF Provident US\$ Money Fund dated 3 May 2005**

(Each an “Explanatory Memorandum”)

The following should be read in conjunction with and forms part of each Explanatory Memorandum, as amended from time to time, as specified below. All capitalised terms in this Addendum shall have the same meaning as in the corresponding Explanatory Memorandum relating to the respective trust unless otherwise stated.

Please note that some of the following changes are applicable only to the Chinese versions of the Explanatory Memorandum of certain trusts (“Chinese Explanatory Memorandum”) specified below.

The following changes to the Explanatory Memorandum shall apply with immediate effect.

Change to each Explanatory Memorandum (except the Explanatory Memoranda of the JF Provident European Fund, the JF Provident Global Bond Fund and the JF Provident Hong Kong Fund):

- All references to “JPMorgan Funds (Asia) Limited (previously known as “JF Funds Limited”)” in each Explanatory Memorandum shall be deleted in their entirety and replaced with “JPMorgan Funds (Asia) Limited”.

Changes to each Chinese Explanatory Memorandum of the JF Provident European Fund, JF Provident Global Bond Fund and JF Provident Hong Kong Fund:

- Except for the fifth paragraph under the sub-section entitled “Procedure for Application” under the section entitled “SUBSCRIPTIONS” in the Chinese Explanatory Memorandum, all references to “摩根富林明基金（亞洲）有限公司” shall be deleted in their entirety and replaced by “摩根基金（亞洲）有限公司”.
- Reference to “摩根富林明基金（亞洲）有限公司” in the fifth paragraph under the sub-section entitled “Procedure for Application” under the section entitled “SUBSCRIPTIONS” in the Chinese Explanatory Memorandum shall be deleted in its entirety and replaced by “JPMorgan Funds (Asia) Limited”.

Change to the Explanatory Memorandum of the JF Provident Global Bond Fund:

- All references to “interest bearing securities” in the Explanatory Memorandum shall be deleted in their entirety and replaced by “bonds”.

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EXPLANATORY MEMORANDUM

JF Provident European Fund

September 2011

IMPORTANT INFORMATION

- JF Provident European Fund (the “Trust”) is a unit trust investing solely in a collective investment scheme which primarily invests in securities of companies based or operating principally in countries in Western Europe. A portion of the Underlying Fund may be invested in companies which are based or operating in other countries in Eastern Europe.
- The Trust and the underlying collective investment scheme may invest in emerging markets and thus may have exposure to the relevant social, political, regulatory and currency risk.
- The value of holdings may fall as well as rise. Investors may be subject to substantial losses.

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The directors of JPMorgan Funds (Asia) Limited accept responsibility for the accuracy of the information contained in this Explanatory Memorandum as at the date of publication.

No action has been taken to permit an offering of units in JF Provident European Fund (the "Trust"), or the distribution of this Explanatory Memorandum, in any jurisdiction where action would be required for such purpose, other than Hong Kong. Accordingly, this Explanatory Memorandum is not an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Trust has not been registered under the US Securities Act, as amended (the "Act") or under any similar or analogous provision of law enacted by any jurisdiction in the United States (the "US"). The units may not be offered or sold within the US or sold to any US Person unless the Manager, at its absolute discretion, grants an exception. For this purpose, a US Person is one falling under either the definition under the Act, or under the US Internal Revenue Code ("IR Code") as specified below:

A "US Person" is defined under the IR Code as follows:

1. An individual who is a citizen of the US or a resident alien for US federal income tax purposes. In general, the term "resident alien" is defined for this purpose to include any individual who (i) holds an Alien Registration Card (a "green card") issued by the US Immigration and Naturalization Service or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any calendar year if (a) the individual was present in the US on at least 31 days during such year and (b) the sum of the number of days in which such individual was present in the US during such year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days;
2. A corporation, an entity taxable as a corporation, or a partnership created or organized in or under the laws of the US or any state or political subdivision thereof or therein, including the District of Columbia (other than a partnership that is not treated as a US person under Treasury Regulations);
3. An estate the income of which is subject to US federal income tax regardless of the source thereof; or
4. A trust with respect to which a court within the US is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 20, 1996 and were treated as domestic trusts on August 19, 1996.

This Explanatory Memorandum is not available for general distribution in, from or into the United Kingdom because the Trust is an unregulated collective investment scheme whose promotion is restricted by sections 238 and 240 of the Financial Services and Markets Act 2000. When distributed in, from or into the United Kingdom this Explanatory Memorandum is only intended for investment professionals, high net worth companies, partnerships, associations or trusts and investment personnel of any of the foregoing (each within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005), persons outside

the European Economic Area receiving them electronically, persons outside the United Kingdom receiving them non-electronically and any other persons to whom they may be communicated lawfully. No other person should act or rely on them. Persons distributing this Explanatory Memorandum in, from or into the United Kingdom must satisfy themselves that it is lawful to do so.

No offer or invitation may be made to the public in the Cayman Islands to subscribe for units.

Distribution of this Explanatory Memorandum is not authorised in any jurisdiction unless it is accompanied by a copy of the most recent annual report and audited accounts of the Trust and, if later, the most recent half-yearly report. Such annual report and accounts and half-yearly report (where applicable) will form part of this Explanatory Memorandum.

Units will be offered on the basis only of the information contained in this Explanatory Memorandum, such annual report and accounts and such half-yearly report. Any further information or representations made by any dealer, salesperson or other person must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of any of the foregoing documents nor any offer, issue or sale of units shall, under any circumstances, constitute a representation that the information given in any such document is correct as of any time subsequent to the date of such document.

Notwithstanding anything in this Explanatory Memorandum to the contrary, each recipient of this Explanatory Memorandum (and each employee, representative, or other agent of such recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated in this Explanatory Memorandum and all materials of any kind (including opinions or other tax analysis) that are provided to such recipient relating to such tax treatment and tax structure.

In this Explanatory Memorandum references to "US dollars" and the sign "US\$" are to the currency of the United States of America, references to "HK dollars" and "HK\$" are to the currency of Hong Kong, references to "Japanese yen" and "JPY" are to the currency of Japan and references to "sterling" are to the currency of the United Kingdom.

IMPORTANT:

If you are in any doubt about the contents of this Explanatory Memorandum, you should consult your stockbroker, bank manager, solicitor, accountant, tax advisor or other financial adviser. Prospective investors should review this Explanatory Memorandum carefully and in its entirety and consult with their legal, tax and financial advisers in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of units of the Trust; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscription, purchase, holding, conversion, redemption or disposition of units of the Trust; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of units of the Trust; and (iv) any other consequences of such activities.

MANAGEMENT AND ADMINISTRATION

Manager and Service Provider

JPMorgan Funds (Asia) Limited
21st Floor, Chater House
8 Connaught Road Central
Hong Kong

Trustee, Administrator and Registrar

Royal Bank of Canada Trust Company (Cayman) Limited
P.O. Box 1586, 24 Shedden Road
Grand Cayman
Cayman Islands
British West Indies

Investment Manager

JF Asset Management Limited
21st Floor, Chater House
8 Connaught Road Central
Hong Kong

Auditors

PricewaterhouseCoopers
Certified Public Accountants
P.O. Box 258GT
Strathvale House
Grand Cayman
Cayman Islands
British West Indies

Additional information can be obtained from the Manager at the above address.

LEGAL AND MARKETING NAMES OF THE TRUST

Legal Name	Marketing Name
JF Provident European Fund	JF Provident European

INTRODUCTION

The Trust is a unit trust constituted by a Trust Deed dated 12 July 2007, as amended from time to time (the "Trust Deed") governed by the laws of the Cayman Islands. The Trust is authorised as a collective investment scheme in the form of a feeder fund by the Securities and Futures Commission ("SFC") under Section 104 of the Securities and Futures Ordinance of Hong Kong ("SFO") and the SFC's Code on Unit Trusts and Mutual Funds. SFC authorisation is not a recommendation or endorsement of the Trust nor does it guarantee the commercial merits of the Trust or its performance. It does not mean that the Trust is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Unless otherwise provided, words and expressions defined in the Trust Deed shall have the same meanings when used in this Explanatory Memorandum.

SUMMARY

The primary objective of the Trust is to maximise its long-term capital appreciation in Hong Kong dollar terms. The Trust seeks to achieve the investment objectives through a collective investment scheme managed by the Manager or its Connected Persons.

The underlying assets of the Trust will be invested primarily in securities of companies based or operating principally in countries in Western Europe. A portion of the underlying assets of the Trust may be invested in companies which are based or operating in other countries in Eastern Europe.

The Manager currently intends to achieve this investment objective by investing as a feeder fund solely in the units of JF SAR European Fund (the "Underlying Fund"). The Underlying Fund is an approved pooled investment fund ("APIF") by the Mandatory Provident Fund Schemes Authority (the "Authority") under the Mandatory Provident Fund Schemes (General) Regulation (the "Regulation"), was authorised as a unit trust by the SFC under the Securities Ordinance of Hong Kong and is now deemed to have been authorised as a collective investment scheme under Section 104 of the SFO.

The Trust is managed by JPMorgan Funds (Asia) Limited (the "Manager"), which has delegated investment management of the Trust's assets to JF Asset Management Limited (the "Investment Manager").

The trustee of the Trust is Royal Bank of Canada Trust Company (Cayman) Limited (the "Trustee").

The Trust is valued at the close of business on each dealing day which will normally be every day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business and which is also a dealing day for the Underlying Fund. Units may be either Administration Units or Investment Units and may be subscribed and realised through the Manager. The Manager may decline to accept any initial application to invest less than HK\$2,000. An annual management fee is currently charged at 1.0 per cent. of the net asset value of the Trust. A variable initial charge of up to 5 per cent. of subscription monies, and a redemption charge of up to 0.5 per cent. of the net asset value per unit, may be levied and retained by the Manager although the Manager does not currently do so. Should such charges be levied by the Manager, three months' notice will be given to unitholders. Investors should

note, however, that there is no double charging of either the initial charge, redemption charge or management fee with regard to the Trust and the Underlying Fund. An administration fee is payable at a current rate of 0.6 per cent. per annum of the relevant portion of the net asset value attributable to Administration Units. The Investment Units are not subject to the administration fee and thus the prices of the classes of units will be different.

Administration Units will generally be available only to trustees or other administrators of provident or retirement schemes which may make an arrangement with the Manager to rebate all or part of the administration fee to them to cover their administration costs in respect of their own scheme.

Amounts payable on the subscription and realization of units will be expressed in HK dollars. However, arrangements may be made for subscription monies and realization monies to be paid in US dollars, Japanese yen or sterling.

The Trust's portfolio is, of course, subject to market fluctuations and to the risks inherent in all investments. Therefore, the offer and bid prices of units may go down as well as up.

PURPOSE AND POLICIES

Investment Objective and Policy

The primary objective of the Trust is to maximise its long-term capital appreciation in Hong Kong dollar terms. The Trust seeks to achieve the investment objectives through a collective investment scheme managed by the Manager or its Connected Persons.

The underlying assets of the Trust will be invested primarily in securities of companies based or operating principally in countries in Western Europe. A portion of the underlying assets of the Trust may be invested in companies which are based or operating in other countries in Eastern Europe.

The Manager currently intends to achieve this investment objective by investing as a feeder fund solely in the units of the Underlying Fund.

The Underlying Fund is approved as an APIF by the Authority under the Regulation, was authorised as a unit trust by the SFC under the Securities Ordinance of Hong Kong and is now deemed to have been authorised as a collective investment scheme under Section 104 of the SFO. JPMorgan Funds (Asia) Limited is the administrator of the Underlying Fund and JF Asset Management Limited has been appointed as the manager in relation to the investments of the Underlying Fund. JF Asset Management Limited has further appointed JPMorgan Asset Management (UK) Limited as the sub-manager of the Underlying Fund.

The investment objective of the Underlying Fund is to provide investors with long term capital growth in US dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in countries in Western Europe. A portion of the Underlying Fund may be invested in companies which are based or operating in other countries in Eastern Europe.

Subject to the approval of the Authority and the SFC, the manager of the Underlying Fund may change the investment policy of the Underlying Fund by giving three months' notice (or such other notice period as the Authority or the SFC may determine) to the trustee and the unitholders of the Underlying Fund. The proposed asset allocation of the Underlying Fund shall be as follows:

70-100%	non-cash assets in European equities
0-30%	non-cash assets in other equities
0-30%	non-cash assets in bonds*

* For cash management purpose only.

As a feeder fund for the purpose of investing in the Underlying Fund, unless otherwise specified, any references to the investment policies and restrictions of the Underlying Fund in this Explanatory Memorandum should be taken as applying equally to the Trust.

The Trust Deed contains provisions which allow the Manager, with the approval of the SFC, to switch all the investments of the Trust from any one single collective investment scheme to another by giving not less than three months' notice to the Trustee and unitholders, provided that the investment objective of the Trust shall continue to be met and the Trustee certifies in writing that such change does not materially prejudice the interests of unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility under the Trust Deed and will not result in any increase in the amount of costs and charges payable from the Trust's assets. In such event, the investment restrictions applicable to the new underlying scheme in which the Trust's assets are to be invested shall apply and be incorporated into this Explanatory Memorandum in substitution for the investment restrictions set out below. For the avoidance of doubt, no meeting of unitholders will be required to effect such change.

In addition, the Trust Deed also allows the Manager, with the approval of the SFC, to convert the Trust from a feeder fund to a fund which invests directly in investments permissible under the Trust Deed by giving not less than three months' notice to the Trustee and unitholders, provided that the investment objective of the Trust shall continue to be met and the Trustee certifies in writing that such change does not materially prejudice the interests of unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility under the Trust Deed and will not result in any increase in the amount of costs and charges payable from the Trust's assets. In such event, the relevant provisions and investment restrictions contained in the SFC's Code on Unit Trusts and Mutual Funds in force at the time and such other laws, regulations or official requirements shall then apply to the investment of the Trust's assets and shall at such time be incorporated into this Explanatory Memorandum. For the avoidance of doubt, no meeting of unitholders will be required to effect such conversion.

Risk Factors

The performance of the Trust will be affected by a number of risk factors, including the following: -

- (i) Political, economic and social risks - All financial markets may at times be adversely affected by changes in political, economic and social conditions.
- (ii) Equity risk - Equity markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on the Trust's net asset value. When equity markets are extremely volatile, the Trust's net asset value may fluctuate substantially.
- (iii) Market risk - The Trust's investments are subject to the risks inherent in all securities i.e. the value of holdings may fall as well as rise. In addition, the Trust may be subject to investment holding limits imposed on investors by certain markets in which the Trust invests.
- (iv) Interest rates risk - Interest rates in the countries in which the Trust's assets will be invested may be subject to fluctuation. Any such fluctuations may have a direct effect on the income received by the Trust and its capital value. Bonds are particularly susceptible to interest rate changes and may experience significant price volatility. The prices of bonds generally increase when interest rates decline and decrease when interest rates rise. Longer term bonds are usually more sensitive to interest rate changes.
- (v) Diversification risk - This Trust invests in European countries only. Although the Trust's portfolio is well diversified in terms of the number of holdings, investors should be aware that this Trust is likely to be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the region in which it invests.
- (vi) Currency risk - The assets in which the Trust is invested and the income from the assets will or may be quoted in currencies which are different from the Trust's base currency. The performance of the Trust will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Trust's base currency. Since the Manager aims to maximise returns in terms of the Trust's base currency, investors whose base currency is different (or not in a currency linked to the Trust's base currency) may be exposed to additional currency risk. The performance of the Trust may also be affected by changes in exchange control regulations.
- (vii) Early termination risk - The Trust may be subject to the risk of early termination under certain circumstances as specified under the section entitled "Duration of the Trust" in this Explanatory Memorandum. The amount distributed to investors upon termination may be less than investors' initial investments. Thus, investors may be exposed to losses in their investments.

In addition to (i) to (vii) above, the performance of the Underlying Fund will also be affected by a number of risk factors, including the following:-

- (viii) Derivatives risk - Participation in warrants, futures, options and forward contracts involves potential investment returns which the Underlying Fund would not receive, and risks of a type, level or nature to which the Underlying Fund would not be subject, in the absence of using these instruments. If the direction of movement of the securities or money markets is for or against the prediction of the manager and the

sub-manager of the Underlying Fund, the Underlying Fund may be placed in a position which is better or worse than that in which it would have been if these instruments had not been used.

- (ix) Hedging risk - The manager and the sub-manager of the Underlying Fund are permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.
- (x) Emerging markets risk - Accounting, auditing and financial reporting standards in some of the emerging markets in which some of the Underlying Fund's assets may be invested may be less rigorous than international standards. As a result, certain material disclosures may not be made.

Investment in emerging markets involves special considerations and risks. Many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. There is a possibility of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could adversely affect the economies of emerging markets or the value of the Underlying Fund's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties.

Investments in products relating to emerging markets may also become illiquid which may constrain the Manager's and Investment Manager's ability to realise some or all of the portfolio.

- (xi) Low level of monitoring risk - The legal and regulatory frameworks of many of the emerging markets are still in the development stage compared to many of the world's leading stock markets, and accordingly there may be a lower level of regulatory monitoring of the activities of such securities markets.
- (xii) Legal, tax and regulatory risk - Legal, tax and regulatory changes could occur during the term of the Underlying Fund which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Underlying Fund and its investors may be subject could differ materially from current requirements and may materially and adversely affect the Underlying Fund and its investors.
- (xiii) Liquidity risk - The Underlying Fund may invest in instruments where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Underlying Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Underlying Fund may have to accept a lower price to sell

the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the Underlying Fund's value or prevent the Underlying Fund from being able to take advantage of other investment opportunities.

Liquidity risk also includes the risk that the Underlying Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, the Underlying Fund may be forced to sell investments, at an unfavorable time and/or conditions. Investment in fixed income securities will be especially subject to the risk that during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category, will shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions whether or not accurate. The downgrading of fixed income securities may affect the liquidity of investments in fixed income securities.

- (xiv) Valuation risk - Securities purchased by the Underlying Fund, particularly debt securities, that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the securities, markets events, economic conditions, investor perceptions, legislation or regulatory sanctions. Domestic and foreign markets are becoming more and more complex and interrelated, such that events in one sector of the market or the economy, or in one geographical region, can reverberate and have negative consequences for other markets, economic or regional sectors in a manner that may not be reasonably foreseen.

In cases where no clear indication of the value of the Underlying Fund's portfolio instruments is available, the portfolio instruments will be valued at their fair value according to the valuation procedures approved by the trustee of the Underlying Fund. These cases include, among others, situations where it would be inaccurate to rely on the valuations provided by the secondary markets on which a security has previously been traded because these secondary markets are no longer viable for lack of liquidity.

In addition, market volatility may result in a discrepancy between the latest available offer and bid prices for the Underlying Fund and the fair value of the Underlying Fund's net asset value. Certain investors might seek to exploit this discrepancy. By these investors paying less than the fair value for units on issue, or receiving more than the fair value on redemption, other unitholders may suffer dilution in the value of their investment. As a safeguard against such exploitation, the manager of the Underlying Fund may, with the prior consent of the trustee of the Underlying Fund, adjust the net asset value of the Underlying Fund or unit thereof, if it considers that such adjustment is required to reflect more accurately the fair value of the net asset value. Such adjustment shall be made in good faith, with the manager of the Underlying Fund taking into account the best interests of unitholders. It should be noted that the basis of valuations adopted by the Underlying Fund may not be the same as the accounting principles generally accepted in Hong Kong.

- (xv) Volatility risk - The value of the Underlying Fund's underlying investments will be affected by economic, political, market, and issuer specific changes. Such changes may adversely affect the value of the Underlying Fund's underlying investments.

Additionally, different industries, financial markets, and securities can react differently to these changes. Such fluctuations of the Underlying Fund's value could be volatile and are often exacerbated in the short-term as well.

- (xvi) Counterparty risk - The Underlying Fund may invest in different instruments in accordance with the objectives of the Underlying Fund and as permitted by the investment restrictions. If the counterparties of these underlying investments default, the Underlying Fund could suffer substantial losses. Such risks include, but are not limited to, the following:

Cash and deposits: The Underlying Fund may hold cash and deposits in banks or other deposit-taking companies which might not be subject to regulatory or government full or partial protection, and might suffer a significant or even total loss in the event of bankruptcy of the banks or deposit-taking companies.

Depository Receipts: Investment into a given country may be made via direct investments into that market or by depository receipts traded on other international exchanges in order to benefit from increased liquidity in a particular security and other advantages. Investments in depository receipts may be subject to counterparty risk, in which a significant or even total loss might be suffered in the event of the liquidation of the depository or custodian bank.

Credit risk: If the issuer of any of the securities in which the Underlying Fund's assets are invested defaults, the performance of the Underlying Fund will be adversely affected. For fixed income securities, a default on interest or principal may adversely impact the performance of the Underlying Fund.

Risks related to debt securities: The Underlying Fund may invest in, but is not limited to debt securities. There is no assurance that losses will not occur with respect to investment in debt securities. Factors that may affect the value of the Underlying Fund's debt securities holdings include: (i) changes in interest rates and (ii) the creditworthiness of the issuers of the debt securities held by the Underlying Fund.

Settlement risk: Settlement procedures in emerging countries are frequently less developed and less reliable and may involve the Underlying Fund's delivery of securities before receipt of payment for their sale. In addition, significant delays may occur in certain markets in registering the transfer of securities. Settlement or registration problems may make it more difficult for the Underlying Fund to value its portfolio securities and could cause the Underlying Fund to miss attractive investment opportunities, or to have a portion of its assets uninvested, or to incur losses due to the failure of a counterparty to pay for securities the Underlying Fund has delivered, or the Underlying Fund's inability to complete its contractual obligations because of theft or other reasons. As a result, the creditworthiness of the local securities firms used by the Underlying Fund in emerging countries may not be as sound as the creditworthiness of firms used in more developed countries. The Underlying Fund may be subject to a risk of loss if a securities firm defaults in the performance of its responsibilities.

- (xvii) Investment grade bond risk - The Underlying Fund may invest in investment grade bonds. Investment grade bonds are assigned ratings within the top rating categories

by rating agencies (including but not limited to Fitch, Moody's and/or Standard & Poor's) on the basis of the creditworthiness or risk of default of a bond issue. Rating agencies review, from time to time such ratings and bonds may therefore be downgraded in rating if economic circumstances impact the relevant bond issues. Downgrading of the bonds may adversely affect the valuation of the relevant bonds and the Underlying Fund and the Underlying Fund may also face higher risks of default in interest payment and principal repayment.

- (xviii) US Tax Withholding under the Foreign Account Tax Compliance Act - The Underlying Fund may invest in the United States (the "US"). Certain payments of (or attributable to) US-source income and the proceeds of sales of property that give rise to US-source interest and dividends paid to the Underlying Fund after December 31, 2012 will be subject to 30% withholding unless the Underlying Fund enter into an agreement with the Secretary of the Treasury under which the entity agrees to certain reporting and withholding requirements. However, the form of the agreement has not been provided by the Internal Revenue Service (the "IRS") or the Treasury Department. Any amounts withheld may not be refundable by the IRS. Potential investors should consult their advisors regarding the application of the withholding rules and the information that may be required to be provided and disclosed in connection with any such agreement. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

In view of the above, investment in the Trust should be regarded as long term in nature. The Trust is, therefore, only suitable for investors who can afford the risks involved.

Investment Restrictions and Guidelines

A feeder fund may invest all of its assets in any single collective investment scheme provided that such scheme is authorised or deemed to have been authorised under the SFO. All of the assets of the Trust will be invested in the Underlying Fund which was authorised under the Securities Ordinance of Hong Kong and now deemed to have been authorised under Section 104 of the SFO. Accordingly, as the assets of the Trust will be invested in the Underlying Fund, they will be invested in accordance with the investment restrictions of the Underlying Fund.

For the purposes of this section,

"connected person" has the same meaning as given to it from time to time in the SFC's Code on Unit Trusts and Mutual Funds;

The following investment restrictions and guidelines shall apply to the Underlying Fund calculated as at the immediately preceding valuation:-

- (i) The value of the Underlying Fund's holding of securities and other permissible investments (excluding an investment permitted under Section 11 of Schedule 1 of the Regulation) issued by any single issuer may not exceed 10 per cent. of its total net asset value.

For the purposes of (i),

- (a) *where the Underlying Fund is invested in a relevant investment, the amount invested in the relevant investment is also to be taken into account in the manner specified by the Authority when ascertaining the total amount invested in the securities and other permissible investments issued by the issuer who issues the underlying investment of the relevant investment; and*
- (b) *where the repayment of principal or the payment of interest in respect of a debt security issued by a person is guaranteed by another person, the debt security is to be regarded as also issued by the other person.*

- (ii) The Underlying Fund may not hold more than 10 per cent. of the shares of a particular class or the total amount of debt securities issued by any single issuer.
- (iii) The Underlying Fund's investments in debt securities should comply with Section 7 of Schedule 1 of the Regulation.
- (iv) Notwithstanding (i) and (ii), up to 30 per cent. of the Underlying Fund's total net asset value may be invested in debt securities issued by or in respect of which the repayment of the principal and the payment of interest is unconditionally guaranteed by an exempt authority of the same issue.
- (v) Subject to (iv) and the provisions of Schedule 1 of the Regulation, the Underlying Fund may invest all of its assets in debt securities issued by or in respect of which the repayment of the principal and the payment of interest is unconditionally guaranteed by an exempt authority so long as they comprise at least six different issues.

For the purposes of (iv) and (v),

- (a) *"exempt authority" has the meaning as defined in Section 7 of Schedule 1 to the Regulation and the relevant guidelines; and*
- (b) *debt securities issued by or in respect of which the repayment of the principal and the payment of interest is unconditionally guaranteed by an exempt authority will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.*

- (vi) The value of the Underlying Fund's holding of securities of companies which are based or operating principally in Western Europe shall be not less than 70 per cent. of its non-cash assets.
- (vii) (a) The Underlying Fund may invest in warrants for hedging purposes.
- (b) In addition to (a) above, the value of the Underlying Fund's investment in warrants not held for hedging purposes may not exceed their respective investment limits as stipulated under Schedule 1 of the Regulation.
- (viii) The writing of uncovered options by the Underlying Fund is prohibited.
- (ix) The writing of call options by the Underlying Fund on investments is prohibited.

- (x) The Underlying Fund may enter into financial futures contracts and financial option contracts for hedging purposes.
- (xi) In addition to (x), if financial futures contracts or financial option contracts are entered into for the purposes other than hedging, the manager and/or the sub-manager of the Underlying Fund shall ensure that the effective exposure (as defined in Schedule 1 of the Regulation) of the Underlying Fund in such contracts does not exceed 10 per cent. of the market value of the Underlying Fund.
- (xii) The assets in the Underlying Fund should not be applied for the acquisition of financial futures contracts or financial option contracts, unless there is established and maintained in respect of the Underlying Fund an effective system for monitoring the risks inherent in dealing in contracts of those kinds. In addition, a financial futures contract or a financial option contract may be acquired only if the trustee and the manager and/ or the sub-manager of the Underlying Fund have special qualifications approved or specified by the Authority.
- (xiii) The value of the Underlying Fund's holding of units or shares in other collective investment schemes may not in aggregate exceed 10 per cent. of its total net asset value. Such schemes shall comply with Section 8 of Schedule 1 to the Regulation and shall be authorised by the SFC in accordance with the requirements under the SFO. In addition, there shall be no increase in the overall total of any costs and charges payable to the manager or the sub-manager of the Underlying Fund or any of their connected persons by the Underlying Fund if the Underlying Fund invests in other collective investment schemes managed by the manager or the sub-manager of the Underlying Fund or any of their connected persons.
- (xiv) The Underlying Fund may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts which are permissible under Schedule 1 of the Regulation).
- (xv) No short sale may be made by the Underlying Fund.
- (xvi) Subject to (xxii) and (xxiv) below, the Underlying Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- (xvii) The Underlying Fund may not acquire any asset which involves the assumption of any liability which is unlimited.
- (xviii) The Underlying Fund may not invest in any security of any class in any company or body if any director or officer of the manager and/or the sub-manager of the Underlying Fund individually owns more than 0.5 per cent. of the total nominal amount of all the issued securities of that class or collectively the directors and officers of the manager and/or the sub-manager of the Underlying Fund own more than 5 per cent. of those securities.

- (xix) The portfolio of the Underlying Fund may not include any security where a call is to be made for any sum unpaid on that security.
- (xx) The value of the Underlying Fund's holding of unquoted investments may not exceed 10 per cent. of its total net asset value.
- (xxi) Notwithstanding any other provisions contained in this section, the Underlying Fund may invest only in the investments permitted under and in accordance with Part V and Schedule 1 of the Regulation and the manager and/or the sub-manager of the Underlying Fund is required to comply with any guidelines relating to forbidden investment practices issued by the Authority.
- (xxii) Borrowing securities for the purposes of the Underlying Fund is prohibited.
- (xxiii) The assets in the Underlying Fund should not be the subject of a reverse repurchase agreement under which the trustee of the Underlying Fund agrees to buy a debt security from a person and to resell it to that person at a specified date in the future for an agreed price.
- (xxiv) Although the trust deed of the Underlying Fund contains provisions which allow the manager to, on behalf of the Underlying Fund, enter into securities lending arrangements and repurchase agreements, the manager of the Underlying Fund does not currently intend to enter into such arrangements and/or agreements. Should the manager of the Underlying Fund decide to enter into these arrangements and/or agreements, these arrangements and/ or agreements will be in accordance with the Regulation. This Explanatory Memorandum will be amended and unitholders will be provided with not less than one month's (or such other period as the Authority or the SFC may require) prior written notification in respect of such amendment.
- (xxv) The Underlying Fund may not invest in the securities of the trustee, the manager and/or the sub-manager, or any custodian appointed under the Underlying Fund except where any of these parties is a substantial financial institution as defined in the Regulation.

For the purposes of the Trust, sub-paragraph (xviii) above shall not apply.

Subject to Part V and Schedule 1 of the Regulation and the above restrictions, the Underlying Fund may acquire derivatives such as forward contracts, options, warrants and futures and may, under limited circumstances as considered appropriate by the manager and/or the sub-manager of the Underlying Fund, hold substantial amounts of cash or cash based instruments in its portfolio.

The Underlying Fund may place cash on deposit with the trustee of the Underlying Fund, the manager and/or the sub-manager of the Underlying Fund or any of their connected persons provided that such person is permitted to accept deposits and the interest rate paid to the Underlying Fund is no lower than an arm's length commercial rate for deposits of the same size and nature as the deposit in question. The amount that may be placed on deposit should not exceed the limit stipulated in Section 11 of Schedule 1 to the Regulation.

The above investment restrictions may be varied from time to time subject to the approval of the trustee of the Underlying Fund or the SFC or the Authority where required. If there is any change in the investment requirements specified in the Regulation, the investment restrictions described above will be changed accordingly and where necessary, a new Explanatory Memorandum will be issued to the unitholders.

Where a breach of any of the above investment limits occurs, the Manager will as a priority objective within a reasonable period of time take all steps as are necessary to remedy the situation taking due account of the interests of unitholders.

Borrowing Policy

The Trust Deed permits borrowings to be undertaken for the account of the Trust but only up to a limit of 10 per cent. of the latest net asset value of the Trust at the time the borrowing is made. The Trust's assets may be charged or pledged as security for any such borrowings. Borrowings may be undertaken only on a temporary basis for the purpose of paying amounts due on the redemption of units or defraying operating expenses.

Subject to section 4 of Schedule 1 of the Regulation and any other statutory requirements and limitations, the trustee of the Underlying Fund may borrow up to 10 per cent. of the net asset value of the Underlying Fund at the time the borrowing is made. Borrowings may be made only to pay redemption proceeds or settle a transaction relating to the acquisition of securities or other investments in respect of the Underlying Fund where at the time the decision to enter into the transactions was made, it was unlikely that the borrowing would be necessary.

Distribution Policy

All income will be accumulated within the Trust.

The trust deed of the Underlying Fund provides for the payment of distributions. The current intention of the manager of the Underlying Fund, however, is that income will be retained for reinvestment.

INVESTMENT MANAGEMENT

JPMorgan Funds (Asia) Limited, the Manager of the Trust, is incorporated with limited liability under the laws of Hong Kong.

Day-to-day investment management of the Trust has been delegated to the Investment Manager, JF Asset Management Limited, a company incorporated with limited liability in Hong Kong.

With regard to the Underlying Fund, JF Asset Management Limited has been appointed as the manager. JF Asset Management Limited has further appointed JPMorgan Asset Management (UK) Limited as the sub-manager of the Underlying Fund.

The Manager and/or the Investment Manager may provide services to, or effect transactions with or for, the Trust which may involve an actual or potential conflict of interest with their

duties to the Trust. The Manager and/or the Investment Manager will, however, have regard in such event to its obligations to act in the best interests of unitholders when such conflicts of interest arise and will seek to resolve such conflicts fairly.

TRUSTEE, ADMINISTRATOR AND REGISTRAR

The Trustee, Administrator and Registrar is Royal Bank of Canada Trust Company (Cayman) Limited, a company which is incorporated with limited liability in the Cayman Islands. The registered office of the Trustee, Administrator and Registrar is at P.O. Box 1586, 24 Shedden Road, Grand Cayman, Cayman Islands, British West Indies. The Trustee is a wholly-owned subsidiary of Royal Bank of Canada and the Trustee is a legally independent trust company which enjoys the administrative support and strengths of Royal Bank of Canada's global network of trust companies. Under the Trust Deed, the Trustee is responsible for the safe-keeping of the Trust's investments. However, neither the Trustee nor any of its affiliates, officers or directors is responsible for, or in any way guarantees, the performance of the Trust. The Administrator, or its agent, is responsible for providing the following services:

- communicating with unitholders and the general public relating to the Trust;
- accepting and effecting subscription and redemption orders;
- ensuring compliance by the Trust with any guidelines or regulations of the Cayman Islands relating to the prevention of money laundering;
- maintaining the register of unitholders and the Trust's principal records and books of accounting;
- computing and publishing the Trust's net asset value;
- assisting in the coordination of the audit of the Trust's accounts by the Auditor;
- disbursing any fees, charges and liabilities on behalf of the Trust; and
- conducting meetings of unitholders.

AUDITOR

The Auditor is PricewaterhouseCoopers. The registered office of the Auditor is at P.O. Box 258GT, Strathvale House, Grand Cayman, Cayman Islands, British West Indies. The Auditor is responsible for auditing the accounts of the Trust.

SUBSCRIPTIONS

Under the Trust Deed the Manager is given the exclusive right to effect the issue of units for the account of the Trust and has an absolute discretion to accept or reject in whole or in part any application for units.

Prospective investors should inform themselves as to: -

- the legal requirements relating to the acquisition, holding or disposal of units in the Trust;
- any foreign exchange restrictions which they might encounter; and
- their taxation position on the holding or disposal of units under the laws of the countries of their domicile, residence, citizenship or incorporation.

Offer Price

The price of units will be determined in accordance with rules laid down in the Trust Deed by reference to the net asset value of the Trust's assets. Administration Units differ from Investment Units in bearing an administration charge to cover the costs of administration of the investors which will generally be trustees or administrators of provident or retirement schemes. All or part of the fee will be rebated to the administrators of such schemes in accordance with arrangements made with them. This fee is calculated in the proportion of the net asset value of the Trust attributable to Administration Units. Units will normally be issued on every dealing day which will normally be every day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business and on which the Underlying Fund invested in by the Trust is available for normal dealing. In order for units to be issued on any particular dealing day, the application must be received by the Manager not later than 3:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. Applications received after that time will be dealt with on the immediately following dealing day. The Manager may change the time by which applications must be received in order to be dealt with on any particular dealing day.

Units may not be issued or sold by the Manager during any period when the right of unitholders to redeem their units is suspended. Applicants for units will be notified of any such suspension and, unless withdrawn, their applications will be considered on the first dealing day after the suspension is lifted or returned to the applicant, at the Manager's discretion.

The price at which units will be issued (i.e. the offer price) will be calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day and by adding a provision (not exceeding 1 per cent. of the net asset value) for fiscal and purchase charges (which will be paid into the Trust) and rounding the resulting sum downwards to the nearest cent. The Manager is also entitled to deduct from the subscription monies an initial charge (normally up to 5 per cent. of such subscription monies). The Manager does not intend to levy any such initial charge or any such fiscal and purchase charges under normal circumstances. Any initial charge will be retained by the Manager, which may rebate the whole or part thereof to any dealer in securities or other intermediary through whom any application is received.

Units will be issued in fractions of not less than one-thousandth of a unit. Subscription monies representing smaller fractions of a unit will be retained as part of the Trust's assets.

The method of establishing the net asset value of the Trust is set out in the Trust Deed. The value of interests in any collective investment scheme is the latest published net asset value per unit or share in such scheme (where the same is published and is considered by the

Manager to be appropriate) or (if such net asset value is not published or not considered by the Manager to be appropriate) the average of the last published bid and offer prices for such unit or share. Cash, deposits and similar investments are valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof. Such valuations will be expressed in HK dollars. The Manager may adjust the value of any investment if it considers that such adjustment is required to reflect more accurately the fair value of the relevant investment.

Market volatility may result in a discrepancy between the latest available offer and bid prices for the Trust and the fair value of the Trust's net asset value. Certain investors might exploit this discrepancy. By these investors paying less than the fair value for units on issue, or receiving more than the fair value on redemption, other unitholders may suffer a dilution in the value of their investment. As a safeguard against such exploitation, the Manager may, with the prior consent of the Trustee, adjust the net asset value of the Trust or of a unit, if it considers that such adjustment is required to reflect more accurately the fair value of the net asset value. Such adjustment shall be made in good faith, with the Manager taking into account the best interests of unitholders.

Procedure for Application

The Manager may decline to accept any application by a person who is not a unitholder to invest less than HK\$2,000.

Units may be purchased by completing an Application Form. All applications should be sent to the Manager. All applications must specify the class of units, Administration Units or Investment Units, for which application is made. In addition, the Manager may accept applications made over the telephone, subject to certain conditions. No application should be lodged with any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the SFO or who does not fall within the statutory or other applicable exemption from the requirement to be licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the SFO.

A contract note will be sent to successful applicants specifying the number and class of units issued. If the cheque received from the applicant is dishonoured on its first presentation to the bank, the application may at the discretion of the Manager (and must if the Trustee so requires or if the units in question are more than 2.5 per cent. of all units in issue) be considered void and cancelled. In such event the Manager will be entitled to charge the applicant (and retain for its own account) a cancellation fee of such amount as it may determine to represent the costs involved in processing the application from such applicant and may require the applicant to pay to the Manager for the account of the Trust in respect of each unit so cancelled the amount (if any) by which the offer price per unit exceeds the bid price per unit on the date of cancellation. Any Units issued will be registered in the name of the relevant unitholders in the Register kept by the Registrar.

The offer price will be expressed in HK dollars. Alternative arrangements can be made for unitholders who wish to subscribe in US dollars, Japanese yen or sterling. Unitholders are advised to contact the Manager if they wish to pay in other currencies. In such cases, the Manager will charge the applicant the costs of conversion into HK dollars which may be at the

spot or forward rate as determined on the business day following the dealing day, depending on the manner and currency of payment.

Payment may be made by cheque payable to "JPMorgan Funds (Asia) Limited" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic/bank transfer, in which case the subscription amount should be transferred net of any bank charges (i.e. the applicant is required to pay any bank or other administrative charges). A copy of the telegraphic/bank transfer request, duly receipted by the remitting bank, should accompany the Application Form.

Third party cheques and cash are not accepted.

Evidence of Identity

In order to ensure compliance with any guidelines or regulations which may be applicable relating to the prevention of money laundering, applicants will be required to provide evidence of identity and, in the case of corporate applicants, of legal existence and corporate authority. Where an applicant is acting on behalf of another person, evidence of the identity of the principal, or confirmation by the applicant that evidence of the underlying principal has been obtained and that the applicant is satisfied as to the source of funds, will be required. Where an applicant fails to provide such evidence or confirmation on request, the application will be rejected.

The Trustee, the Manager and their delegates also reserve the right to refuse to make any redemption payment to a unitholder if the Trustee, the Manager or their delegates suspect or are advised that the payment of redemption proceeds to such unitholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Trustee and its delegates with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law (2009 Revision) of the Cayman Islands if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

REDEMPTIONS

Bid Price

Subject as mentioned below, unitholders may redeem their units on every dealing day which will normally be every day (other than a Saturday or a Sunday) on which banks in Hong Kong

are open for normal banking business and on which the Underlying Fund invested in by the Trust are available for normal dealing. In order for units to be redeemed on any particular dealing day, the redemption request must be received by the Manager not later than 3:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. Redemption requests received after that time will be dealt with on the immediately following dealing day. The Manager may change the time by which redemption requests must be received in order to be dealt with on any particular dealing day.

The price at which units will be redeemed on a dealing day will be calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day, less (a) the redemption charge (normally up to 0.5 per cent. of the net asset value per unit) and (b) a provision (not exceeding 1 per cent. of the net asset value per unit) for fiscal and sales charges (which will be retained by the Trust). The resultant sum will be rounded downwards to the nearest cent. The Manager does not intend to levy any such redemption charge or any such fiscal and sales charges under normal circumstances.

The amount of redemption charge will be retained by the Manager for its own use and/or benefit.

The amount due on the redemption of units will normally be paid within seven business days and in any event not later than one calendar month after the date of actual receipt by the Manager of a duly completed redemption request in a prescribed format and such other information as the Trustee or the Manager may reasonably require. Failure to provide such information may delay the payment of redemption proceeds. Payment will be made by telegraphic transfer where the unitholder has provided bank payment details for this purpose. Unitholders may be liable for any bank charges on payment by telegraphic transfer. Where the unitholder has not provided bank payment details or where the redemption amount is less than US\$1,000 or its equivalent, redemption proceeds will normally be paid by cheque, posted at the risk of the unitholder. No third party payments will be made.

Switching

In the event that a unitholder wishes to switch out of the Trust into another collective investment scheme managed by the Manager or in respect of which the Manager acts as Hong Kong representative, the switch will be treated as a redemption of units in the Trust and accordingly a redemption charge, calculated on the above basis, will be charged although the Manager does not currently do so. In addition, a reduced initial charge may also be charged by the particular collective investment scheme into which the redemption monies are transferred.

Suspension and Limitation of Redemptions

The Manager may, by giving notice to the Trustee, suspend the right of unitholders to redeem their units and/or delay the payment of any redemption where the Manager considers such suspension or delay appropriate in the circumstances, for example, the Manager may exercise this right when (i) there is a closure of or suspension of trading on any market on which a substantial part of the underlying investment of the Trust is traded or capable of being traded; (ii) there is a breakdown in any of the means normally employed by the Manager in determining the net asset value of the Trust; (iii) for any other reason the price of investment held by the Trust cannot, in the opinion of the Manager, reasonably be ascertained; (iv) in the

opinion of the Manager, the disposal of investments cannot be effected reasonably practicably or without prejudicing the interests of unitholders; (v) the remittance of funds which will or may be involved in the redemption of units, or in payment for, the investments of the Trust or the subscription or redemption of units cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange; or (vi) the redemption of units in the Underlying Fund, or such other underlying fund as the Trust may be then investing in, is suspended, as described below. If the redemption of units is suspended, units will be carried forward for redemption on the next dealing day which is applicable to any particular unitholder after cessation of the suspension. In relation to redemption requests effected prior to the suspension of redemption of units, payment will be arranged pursuant to the provisions as described in the sub-sections entitled "Bid Price" above and "Procedure for Redemption" below.

The Manager may also limit the total number of units redeemed on any dealing day to 10 per cent. or more of the units in issue on any dealing day.

In the event that the redemption of units is so limited, units will be redeemed pro rata between unitholders and those units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day which is applicable to any particular unitholder. Unitholders affected will be informed by the Manager.

Notice of the imposition and ending of any suspension or delay in payment will be given to unitholders, at least once a month during the period of suspension, by way of written notice or such other means of notification as determined by the Manager with prior approval of the SFC.

The manager of the Underlying Fund may, by giving notice to the trustee of the Underlying Fund, suspend the right of unitholders to redeem their units and/or delay the payment of any redemption where the manager considers such suspension or delay appropriate in the circumstances. If the redemption of units is suspended, units will be carried forward for redemption on the first dealing day after cessation of the suspension. The manager of the Underlying Fund may also limit the total number of units redeemed on any dealing day to 10 per cent. or more of the units in issue on any dealing day.

In the event that the redemption of units of the Underlying Fund is so limited, units will be redeemed pro rata between unitholders and those units not redeemed will be carried forward for redemption, subject to the same limitation, on the next dealing day. Unitholders of the Underlying Fund affected will be informed by the manager of the Underlying Fund.

Notice of the imposition and ending of any suspension of the Underlying Fund will be given to unitholders of the Underlying Fund, at least once a month during the period of suspension, by way of written notice or such other means of notification as determined by the manager of the Underlying Fund with the prior approval of the SFC and Authority.

Procedure for Redemption

Requests for the redemption of units should be made by facsimile or other written or electronic form specified by the Manager and stating the number and class of Units (i.e. the Administration Units or the Investment Units) or an amount in HK dollars or other currency to be redeemed. The Manager may also agree to accept redemption requests over the telephone, subject to certain conditions.

Partial redemption of holdings are permitted, provided that they do not result in the unitholder holding units having an aggregate value of less than HK\$2,000 of the relevant class on the day of redemption. If a redemption request results in a holding below HK\$2,000 or its equivalent, on the relevant dealing day, the Manager may, at its absolute discretion, treat the redemption request as an instruction to redeem, as appropriate, the total holding in that particular class of Units.

The bid price will be expressed in HK dollars and payment will normally be made in that currency. Arrangements can be made for unitholders to receive payment in certain other freely convertible currency. Unitholders are advised to contact the Manager for details of such arrangements. Any exchange costs may be deducted by the Manager from the redemption monies.

FEES, CHARGES AND LIABILITIES

As stated above, the Manager is entitled to receive an initial charge of up to 5 per cent. of the subscription monies on the issue or sale of units and a redemption charge of up to 0.5 per cent. of the net asset value per unit on the cancellation or redemption of any of those units. However, the Manager does not intend to levy any initial charge and redemption charge. If the Trust invests in any collective investment scheme managed by the Manager, the Investment Manager or any of their Connected Persons, all initial charges on the underlying scheme must be waived.

The Underlying Fund does not currently charge any initial charge or redemption charge.

In addition, the Manager is entitled under the Trust Deed to a management fee at the rate of 2.5 per cent. per annum of the net asset value of the Trust. However, the Manager currently receives a management fee at the rate of 1.0 per cent. per annum of the net asset value of the Trust. For investment in unit trusts or other collective investment schemes managed by the Manager, the Investment Manager or any of their Connected Persons, the fee of the Manager will be adjusted taking into account the management fee levied by such unit trust or other collective investment scheme to the extent attributable to the Trust's interest in such unit trust or scheme and in any event the aggregate management fee payable by the Trust shall not exceed the current rate of 1.0 per cent. per annum of net asset value of the Trust. Accordingly, there will be no double charging of either the preliminary charge, realization charge or management fee. The management fee of the Underlying Fund currently ranges between zero per cent. and 1.2 per cent. per annum.

The Manager may only increase the level of its fee (which may not exceed 2.5 per cent. per annum) by giving notice to the Trustee and not less than three months' notice to unitholders of the increased level of management fee. In any event, the overall aggregate management fee charged by the Trust and the Underlying Fund will not exceed the rate of 2.5 per cent. per annum of the net asset value of the Trust.

The Manager will bear the fees of the Investment Manager.

The Trustee is entitled to a fee at the rate of 0.2 per cent. per annum of the net asset value of the Trust. However, the Trustee currently receives a trustee fee at the rate of 0.1 per cent. per

annum of the net asset value of the Trust and may only increase the level of its fee (which may not exceed 0.2 per cent. per annum) with the agreement of the Manager and by giving to unitholders not less than three months' notice of the increased level of trustee fee. The trustee of the Underlying Fund is currently charging the Underlying Fund a trustee fee at the rate of 0.08 per cent. per annum.

The Manager is entitled under the Trust Deed to an administration fee ("Administration Fee") at the rate of 0.7 per cent. per annum of the portion of the net asset value of the Trust attributable to the Administration Units on each dealing day. However, the Manager currently receives an Administration Fee at the rate of 0.6 per cent. per annum and may only increase the level of its fee (which may not exceed 0.7 per cent. per annum) by giving three months' notice to the Trustee and the holders of Administration Units. The Administration Units will generally be held by trustees, custodians or other administrators of provident and retirement schemes. The Administration Fee is a charge to cover the administration of such schemes and thus will be rebated in whole or in part to the relevant scheme administrators in accordance with such arrangements as may be made with them. The level of the Administration Fee will be uniform for all Administration Units.

The Manager's fee and Administration Fee are payable monthly, and the Trustee's fee quarterly, in arrears. The Manager's fee and Trustee's fee are payable by reference to the net asset value of the Trust on each dealing day and the Administration Fee is payable by reference to the relevant portion of the net assets of the Trust attributable to the Administration Units. All the fees are calculated and accrued on each dealing day.

In addition, the Trust bears stamp duties, taxes, brokerage, commissions, foreign exchange costs, bank charges, registration fees relating to the Trust and its investments, insurance and security costs, the costs of obtaining and maintaining a listing for the units on any stock exchange, the fees and expenses of the Auditor, the Registrar, the custodian(s) of the Trust's investments, the costs of preparing the Trust Deed and any supplemental trust deeds and legal and certain other expenses incurred in the administration of the Trust. The Trust is also responsible for the costs of preparing, printing and distributing all statements, accounts and reports and for any costs incurred as a result of a change in law or regulatory requirement or the introduction of any new law or regulatory requirement (including any costs incurred as a result of compliance with any code relating to unit trusts, whether or not having the force of law). There are no unamortised establishment costs outstanding relating to this Trust.

The Manager, the Investment Manager and any of their Connected Persons may provide services to the Trust including the execution of portfolio transactions for or with the Trust (either as agent or, with the approval of the Trustee, as principal). Such persons may receive and retain their normal commissions, charges, fees or other benefits provided they are arm's length commercial rates for transactions or services of a similar size and nature.

The Manager, the Investment Manager and any of their Connected Persons may enter into soft commission arrangements with brokers under which certain goods and services are received, provided such goods and services are of demonstrable benefit to unitholders. Cash payment will not be made for these services but instead those persons may transact an agreed amount of business with the brokers on behalf of the Trust. Commission will be paid by the Trust for these transactions, provided that execution of the transactions are consistent with best

execution standards and the relevant brokerage rates are not in excess of customary institutional full-service rates.

No cash or other rebates from brokers, dealers or market makers may be retained by the Manager, Investment Manager or any of their Connected Persons in consideration of directing transactions on behalf of the Trust to such brokers, dealers or market makers.

The liability of the unitholders of the Trust is limited to the assets comprised in the Trust.

TAXATION

This Explanatory Memorandum is not intended to provide a comprehensive guide to the taxation treatment of investors. This Explanatory Memorandum is intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Trust and no reliance, therefore, should be placed upon it.

All prospective unitholders, and in particular those from jurisdictions other than those specifically referred to below or of classifications not referred to below should inform themselves of, and take their own advice on, the taxes applicable to the subscription, holding, redemption and transfer of units, and any distribution (each, a "Relevant Event") under the laws of the place of their operations, domicile, residence, citizenship and/or incorporation. Neither the Trust nor any of the parties listed in the section entitled "MANAGEMENT AND ADMINISTRATION" of this Explanatory Memorandum makes any warranty and/or representation as to the tax consequences in relation to any Relevant Event (or combination of Relevant Events) or takes any responsibility for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and each of the Trust and such parties expressly disclaims any liability whatsoever for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and/or for any loss howsoever arising (whether directly or indirectly) from any Relevant Event (or combination of Relevant Events).

Dividends, interest income, gains on the disposal of investments and other income received by the Trust or by a collective investment scheme in which it invests or on the Trust's investments in some countries may be liable to the imposition of irrecoverable withholding tax or other tax.

In some jurisdictions that the Trust invests there may be uncertainty as to: the interpretation and implementation of the current tax rules; the tax rules being changed; and taxes being applied retrospectively. Therefore, any provision for taxation made by the Manager may be excessive or inadequate to meet final tax liabilities and any penalties and interest. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provisioning and when they subscribed for and/or redeemed their units in/from the Trust.

The following paragraphs are based on the law and practice currently in force in the Cayman Islands and Hong Kong at the date of this Explanatory Memorandum and are subject to changes in content or interpretation.

Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Trust or the unitholders. The Cayman Islands are not party to a double taxation treaty with any country that is applicable to any payments made to or by the Trust. There are, at the date of this Explanatory Memorandum, no exchange controls in the Cayman Islands.

No stamp duty is levied in the Cayman Islands on the transfer or redemption of units.

Hong Kong

The Trust is authorised under Section 104 of the SFO. As a result, any Hong Kong sourced income it derives will be exempt from Hong Kong profits tax provided the Trust is carried on in accordance with the purposes stated in its constitutive documents as approved by the SFC and in accordance with the requirements of the SFC.

A unitholder will not be liable to Hong Kong profits tax on gains realised on the sale or redemption of units except where the acquisition and disposal of units is or forms part of a trade, profession or business carried on by the unitholder in Hong Kong and the gains are revenue in nature for Hong Kong profits tax purposes. The classification of a gain as revenue or capital will depend on the particular circumstances of the unitholders. As a matter of the Inland Revenue Department practice, unitholders also should not be taxed in Hong Kong on distributions of income from the Trust. Unitholders should take advice from their own professional advisers as to their particular tax position.

REPORTS AND ACCOUNTS

The financial year end of the Trust is 30 June in each year. Audited accounts (including the Trustee's reports) and unaudited half-yearly report will be made available to unitholders of the Trust as soon as practicable through the website www.jpmorganam.com.hk¹ and in any event not more than four months after the end of the financial year and within two months after 31 December, respectively (unless, in each case, the Trustee agrees to an extension of time). When the audited accounts and unaudited half-yearly report are finalised, unitholders will be notified with details of where they can access them. The audited accounts and unaudited half-yearly report will be published in English only and hard copies will be available free of charge upon request at the offices of JPMorgan Funds (Asia) Limited.

The above-mentioned reports will include a statement of the net asset value of the Trust and of the investments and cash comprising its portfolio. The Trust's annual report will also include the investment portfolio of the Underlying Fund as at the financial year end date. The reports will be in such form and will be prepared in accordance with such accounting standards or policies as the Manager and the Trustee may from time to time agree, although such accounting standards or policies may, for financial reporting purposes, adopt different

¹ The website has not been reviewed by the SFC. It may contain information on funds which are not authorised for sale to the public in Hong Kong and are not available to Hong Kong investors.

methodologies or principles for calculating the net asset value of the Trust and/or in respect of other aspects as compared to those set out in the Trust Deed. Currently, it is intended that the reports will be prepared in accordance with accounting principles generally accepted in Hong Kong. For the avoidance of doubt, the Trust will be dealt at the offer price and bid price calculated in accordance with the provisions of the Trust Deed.

GENERAL

Publication of Net Asset Value

The net asset value per unit for each class of units will normally be published regularly in The Standard and the Hong Kong Economic Times and is also available through the website www.jpmorganam.com.hk.

Trust Deed

Unitholders are advised to review the terms of the Trust Deed. Copies of the Trust Deed may be obtained from the Manager at a cost of HK\$80 each or may be inspected free of charge during normal working hours at the offices of the Manager.

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed, provided that in the opinion of the Trustee such modification (i) does not materially prejudice the interests of unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility under the Trust Deed and (except for any fees and expenses incurred in relation to the preparation of the relevant supplemental deed) will not result in an increase in the amount of costs and charges payable out of the Trust's assets or (ii) is necessary in order to comply with any fiscal, statutory or official requirement, or (iii) is made to correct a manifest error. In all other cases modifications require the sanction of an Extraordinary Resolution or the approval of the SFC.

The Trustee, or any of its directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Law (2010 Revision), or by the Tax Information Authority, under the Tax Information Authority Law (2009 Revision) or Reporting of Savings Income information (European Union) Law (2007 Revision) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Trustee or any of its directors or agents, may be prohibited from disclosing that the request has been made.

Documents Available for Inspection

Copies of the following documents are available for inspection free of charge during normal working hours at the offices of the Manager: -

- (i) Trust Deed.

(ii) Investment Management Agreement.

Cayman Islands Mutual Funds Law (2009 Revision)

The Trust is regulated as a mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands ("Mutual Funds Law"). The Cayman Islands Monetary Authority (the "CIMA") has supervisory and enforcement powers to ensure compliance with the Mutual Funds Law. Regulation under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the CIMA. As a regulated mutual fund, the CIMA may at any time instruct the Trustee to have the Trust's accounts audited and to submit them to the CIMA within such time as the CIMA specifies. Failure to comply with these requests by the CIMA may result in substantial fines on the part of the Trustee and may result in the CIMA applying to the court to have the Trust wound up.

The Trust will not, however, be subject to supervision in respect of its investment activities or the constitution of the Trust's portfolio by the CIMA or any other governmental authority in the Cayman Islands, although the CIMA does have power to investigate the activities of the Trust in certain circumstances. Neither the CIMA nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

The CIMA may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the CIMA include the power to require the substitution of the Trustee, to appoint a person to advise the Trust on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Trust. There are other remedies available to the CIMA including the ability to apply to court for approval of other actions.

Joint Holders

Not more than four persons may be registered as the joint holders of any unit. The Trustee and the Manager may require any redemption request or other instruction in relation to any joint holding to be signed by all the registered joint holders or may, to the exclusion of any such request or instruction from any of the other joint holders, rely on any redemption request or other instruction signed by or otherwise received from any one of the registered joint holders.

Certificates

Certificate will not be issued to unitholders.

Transfers and Transmissions of Units

Units are transferable by instrument in writing executed by or on behalf of the transferor except that no transfer will be registered without the approval of the Manager which would result in either the transferor or the transferee holding units having an aggregate value of less than HK\$2,000 of any class on the dealing day on which the transaction is to be registered. Instruments of transfer should be sent to the Service Provider, JPMorgan Funds (Asia) Limited.

The Trust Deed contains provisions relating to the transmission of units. The law of the Cayman Islands requires any grant of probate, or equivalent, to be re-sealed by the courts of the Cayman Islands. Any costs incurred will be borne by the unitholder. Any person who becomes entitled to a unit as a consequence of the death or bankruptcy of any of the unitholders shall be responsible for producing such documents or satisfactory evidence as to that person's title at the request of the Trustee and the Manager. The Manager's only obligation in these circumstances will be to forward any information received in writing from or on behalf of the unitholder to the Trustee.

Cancellation of Units

The Manager has the right to effect reductions of the Trust by requiring the Trustee to cancel units and by paying to the affected unitholders the monies which would have been payable if the units had been redeemed in the normal manner. The type of situations in which it is envisaged that the Manager might exercise its right of cancellation include where the full subscription monies are not received within a reasonable time or where it becomes unlawful to permit a unitholder to continue to be registered.

Notices and Meetings of Unitholders

The Trust Deed provides for meetings of unitholders to be convened by the Trustee or the Manager by giving at least 21 days' notice. The Manager is obliged to convene a meeting if requested by the holders of not less than one-tenth of the units in issue. Notices of meetings of unitholders will be posted to unitholders at their registered addresses.

The quorum at unitholders' meetings dealing with ordinary business is unitholders present in person or by proxy holding in aggregate at least one-tenth of the units for the time being in issue. If a meeting is convened at which an Extraordinary Resolution is to be proposed the quorum is unitholders present in person or by proxy holding at least one-quarter of the units for the time being in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting a unitholder (regardless of the number of units held) will form a quorum. At any meeting, a poll will be demanded and every unitholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, or by proxy shall have one vote for every unit held.

An Extraordinary Resolution is a resolution proposed as such and passed by a 75 per cent. majority of the votes cast for and against such resolution.

Duration of the Trust

Unless terminated earlier, the Trust will terminate automatically on the date immediately preceding the one hundred and fiftieth anniversary of the date of the Trust Deed. The Manager or the Trustee may, in certain circumstances, terminate the Trust at any time. Such circumstances include the termination of the Underlying Fund, or such other underlying fund as the Trust is then investing in, the passing of any law which renders it illegal or, in the opinion of the Manager, impracticable or inadvisable to continue the Trust or where the aggregate net asset value of all units in issue falls below HK\$20,000,000. The Trust may also

be terminated by the Trustee and the Manager with the approval of an Extraordinary Resolution of the unitholders at any time.

The Trustee and the Manager

The Trust Deed contains provisions governing the responsibilities of the Trustee and the Manager and providing for the indemnification in certain circumstances.

The Trustee or the Manager may retire upon the appointment of a successor in accordance with the provisions of the Trust Deed and, in the event of the appointment of a new trustee, the law governing the Trust and the Trust Deed may be changed to that of the jurisdiction of the forum of administration of the Trust. In addition, the Manager may be removed in certain circumstances by the Trustee or at any time by the holders of not less than 50 per cent. in value of the units for the time being in issue.

Any change in the Trustee or the Manager of the Trust will be notified to the unitholders.

The Directors of the Manager are: -

Edwin Tsun Kay Chan
Leo Ka Kui Cheung
Kui-Ching Kao
Lily Suet Lai Lau
Pui Shan Leung
Terry San Kong Pan
Ken Wai Ming Tam
Marco Ka Nam Tang

Complaints and Enquiries Handling

Investors may contact JPMorgan Funds (Asia) Limited for any queries or complaints in relation to the Trust. To contact JPMorgan Funds (Asia) Limited, investors may either:

- Write to the registered office of JPMorgan Funds (Asia) Limited (address at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong);
- Call Pension Funds Hotline on (852) 2978 7588.

JPMorgan Funds (Asia) Limited will, under normal circumstances, endeavour to send an acknowledgement of receipt of the enquiries and complaints to the relevant investor within five business days of receipt.