

IMPORTANT: This letter is important and requires your immediate attention. If you have any questions about the contents of this letter, please seek independent professional advice.

4 March 2019

Dear Investor,

JPMorgan Multi Balanced Fund (the “Fund”) – Appointment of Sub-Manager and change of investment objective, policy and restrictions

We are writing to inform you about the following changes in relation to the Fund which will take effect from 3 April 2019 (the “Effective Date”).

I. Appointment of J.P. Morgan Investment Management Inc. as Sub-Manager

Currently, JF Asset Management Limited, the Investment Manager of the Fund, has appointed JPMorgan Asset Management (UK) Limited as the Sub-Manager of the Fund.

From the Effective Date, the Investment Manager will further appoint J.P. Morgan Investment Management Inc. as a Sub-Manager of the Fund with a view to leverage on the investment management capabilities and resources of the JPMorgan group.

II. Change of investment objective, policy and restrictions

The investment objective, policy and restrictions of the Fund will be changed (the “Changes”) with effect from the **Effective Date** to provide the Manager with a greater investment flexibility to achieve a targeted portfolio with higher yields whilst maintaining low volatility. The investment objective, policy and restrictions of the Fund before and after the Changes are set out in the Appendix. A summary of the Changes is set out below.

1. Change of investment objective

Currently, the investment objective of the Fund is to achieve capital growth in excess of its reference benchmark (i.e. 45% JPM Government Bond Index Global (Total Return Gross) Hedged to USD / 30% MSCI World Index (Total Return Net) Hedged to USD / 25% Bloomberg Barclays Global Aggregate Corporate – Total Return index hedged USD) by investing primarily in securities globally.

From the Effective Date, the Fund will no longer seek to achieve capital growth in excess of the reference benchmark. Instead, the investment objective of the Fund will be to provide regular income by investing primarily in a conservatively constructed portfolio of income generating securities globally. The Fund will seek to construct a conservative portfolio with the aim of operating the portfolio as a whole with volatility lower than that of the broad market over the medium term. It may be achieved by having a significant bias towards fixed income securities, especially high quality (investment grade) fixed income securities, if the Manager believes market

conditions and opportunities favour such investments, and less exposure to equity securities and other asset classes. The Manager will construct a global diversified portfolio where the Fund can capture different sources of income and utilise the lower or negative correlation across asset classes to dampen the overall portfolio volatility. The reference benchmark of the Fund will be removed accordingly.

Please note that there will be no material change to the risk profile due to the change of investment objective of the Fund.

2. Removal of pre-determined range of asset allocation ratio

Currently, the Fund may hold between 10% and 50% of its total net asset value in equity securities and between 50% and 90% of its total net asset value in debt securities. From the Effective Date, such pre-determined range of allocation ratio between equity securities and debt securities will be removed and the Fund may vary its asset allocation in response to market conditions.

Notwithstanding the pre-determined range of asset allocation ratio will be removed, the Fund will continue to adopt a dynamic asset allocation strategy. Please refer to the section entitled “RISKS” in the Explanatory Memorandum of the Fund in Section C – Consolidated Explanatory Memoranda of Other Funds for the risk relating to dynamic asset allocation strategy.

3. Clarification of the investment limit in non-investment grade debt securities

Currently, no specific investment limit in non-investment grade debt securities is stated in the investment strategy of the Fund. Such limit will be clarified to be 20% of the Fund’s total net asset value in the investment strategy and this clarification does not result in a change to the risk profile of the Fund.

4. Change to the investment limit in mortgage backed securities

Currently, the Fund may invest less than 30% of its total net asset value in convertible bonds, asset backed securities, mortgage backed securities and asset backed commercial papers in aggregate (“**Specific Debt Securities Investment Restriction**”). From the Effective Date, the investment limit in mortgage backed securities will be changed such that the Fund may invest in investment grade mortgage backed securities up to 50% of its total net asset value while investments in non-investment grade mortgage backed securities will be subject to the 20% limit on non-investment grade debt securities as described in point 3 above.

The Specific Debt Securities Investment Restriction will also be changed that the Fund may invest less than 30% of its total net asset value in convertible bonds, asset backed securities, collateralised loan obligations and asset backed commercial papers in aggregate.

Please note the risk associated with asset backed securities, mortgage backed securities and asset backed commercial papers will be enhanced to include collateralised loan obligations and highlight that the Fund may invest substantially in mortgage backed securities. The asset backed securities, mortgage backed securities, collateralised loan obligations and asset backed commercial papers in which the Fund invests may be rated with non-investment grade and may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

5. Increase in the investment limit in securities neither listed, quoted nor dealt in on a market

From the Effective Date, the Fund's investment limit in securities neither listed, quoted nor dealt in on a market will be increased from not more than 10% of its total net asset value to not more than 15% of its total net asset value, as stipulated in the sub-section entitled "Investment Restrictions and Guidelines" under the section entitled "INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS" in Section A – Consolidated Explanatory Memoranda of Asia Pacific Equity Funds.

Please note that securities neither listed, quoted nor dealt in on a market are subject to higher liquidity risk, volatility risk and valuation risk. This increase in the limit does not result in a change to the risk profile of the Fund.

6. Other clarification and enhancement of disclosures

From the Effective Date, the investment policy of the Fund will be clarified to include collateralised loan obligation as an example of debt securities that the Fund may invest in.

It will also be clarified that the Fund may invest in assets denominated in any currency and non-USD currency exposure may be hedged.

Some other disclosures in the investment policy of the Fund are also enhanced to provide more clarity. Please refer to the Appendix for details.

Save as disclosed in sections I and paragraphs 1, 2 and 4 of section II above, there will be no implications on the features and risks applicable to the Fund or change in the operation and/or manner in which the Fund is being managed. There will be no change in the fee level/cost in managing the Fund. There will be no material prejudice to the existing investors of the Fund.

The legal and other administrative costs associated with the changes above, estimated to be approximately USD27,500, will be borne by the Fund. The portfolio of the Fund will be rebalanced in accordance with the new investment objective, and the associated transaction costs incurred by the Fund are estimated to be approximately 0.04% of the total net asset value of the Fund as of 25 January 2019.

If, as a consequence of the changes above, you wish to redeem or switch your holding in the Fund into any other funds which are managed by JPMorgan Funds (Asia) Limited or for which it acts as Hong Kong representative and which are authorised by the SFC for sale to the public in Hong Kong, you may do so free of charge during the waiver period between 4 March 2019 and 2 April 2019¹. Details of such funds (including the relevant offering documents) can be found on our website www.jpmorganam.com.hk². SFC authorisation is not a recommendation or endorsement of a fund nor does it guarantee the commercial merits of a fund or its performance. It does not mean the fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The current offering document of the Fund is available free of charge upon request during normal working hours at the registered office of JPMorgan Funds (Asia) Limited³, and on our website www.jpmorganam.com.hk². The current Trust Deed is available for inspection free of charge during normal working hours at the registered office of JPMorgan Funds (Asia) Limited³. The updated

offering document reflecting the changes set out above will be available on or after the Effective Date.

The Manager accepts responsibility for the accuracy of the contents of this letter.

If you have any questions with regard to the contents of this letter or any other aspect of the Fund, please do not hesitate to contact:

- your bank or financial adviser;
- your designated client adviser, account manager, pension scheme trustee or administrator;
- our Intermediary Clients' Hotline on (852) 2265 1000;
- our distributor hotline on (852) 2978 7788; or
- if you normally deal directly with us, our J.P. Morgan Funds InvestorLine on (852) 2265 1188.

Yours faithfully,
For and on behalf of
JPMorgan Funds (Asia) Limited



Edwin TK Chan
Director

¹ Please note that although we will not impose any charges in respect of your switching instructions, your bank, distributor or financial adviser may charge you switching and/or transaction fees. You are advised to contact your bank, distributor or financial adviser should you have any questions.

² The website has not been reviewed by the SFC.

³ The registered office of JPMorgan Funds (Asia) Limited is located at 21st Floor, Chater House, 8 Connaught Road Central, Hong Kong.

Appendix

Before the Changes	After the Changes
<p>Investment Objective and Policy</p> <p>The investment objective of the Fund is to achieve capital growth in excess of its reference benchmark by investing primarily in securities globally.</p> <p>At least 70% of the Fund’s total net asset value will be invested in debt and equity securities globally.</p> <p>The Fund may hold between 10% and 50% of its total net asset value in equity securities and between 50% and 90% of its total net asset value in debt securities. Asset allocation decisions are the result of qualitative and quantitative research into a range of fundamental factors such as economic outlook, official policy actions, market valuation levels, investor sentiment and positioning. The Manager, Investment Manager and/or Sub-Manager exercise a judgment as to the relative importance of various fundamental conditions as well as degree of conviction in establishing the asset class and geographic allocations in the Fund.</p> <p>The reference benchmark of the Fund is 45% JPM Government Bond Index Global (Total Return Gross) Hedged to USD / 30% MSCI World Index (Total Return Net) Hedged to USD / 25% Bloomberg Barclays Global Aggregate Corporate – Total Return index hedged USD.</p> <p>The Fund will invest in equity and equity equivalent securities globally (including but not limited to American depositary receipts, global depositary receipts, equity-linked notes, participation notes etc.), provided that the Fund may only invest less than 10% of its total net asset value in equity-linked notes and participation notes. There are no restrictions on market capitalisations, industries or geographies.</p> <p>The Fund’s aggregate exposure (direct and indirect) to China A-Shares and B-Shares may not exceed 10% of its total net asset value and should this investment policy in China A-Shares and/or B-Shares change in the future, not less than one month’s prior notice will be given to unitholders and the offering document will be updated accordingly.</p> <p>The Fund will invest in investment grade (rated Baa3/BBB- or higher using the highest rating available from one of the international independent rating agencies (e.g. Moody’s, Standard & Poor’s, Fitch)), non-investment grade (rated Ba1/BB+ or below using the highest rating available from one of the international</p>	<p>Investment Objective and Policy</p> <p>The investment objective of the Fund is to provide regular income by investing primarily in a conservatively constructed portfolio of income generating securities globally, including but not limited to, equities (including preferred shares), senior secured bonds, high yield bonds, investment grade bonds, below investment grade bonds, emerging market bonds, convertible bonds, asset backed securities (including asset backed commercial papers) and mortgage backed securities. The Fund seeks to construct a conservative portfolio with the aim of operating the portfolio as a whole with volatility lower than that of the broad market over the medium term. It may be achieved by having a significant bias towards fixed income securities, especially high quality (investment grade) fixed income securities, if the Manager believes market conditions and opportunities favour such investments, and less exposure to equity securities and other asset classes. The Manager will construct a global diversified portfolio where the Fund can capture different sources of income and utilise the lower or negative correlation across asset classes to dampen the overall portfolio volatility.</p> <p>The Fund will primarily invest (i.e. at least 70% of its total net asset value) in debt and equity securities. Issuers of these securities may be located in any country, including emerging markets. The Fund may vary its asset allocation in response to market conditions.</p> <p>Asset allocation decisions are the result of qualitative and quantitative research into a range of fundamental factors such as economic outlook, official policy actions, market valuation levels, investor sentiment and positioning. The Manager, Investment Manager and/or Sub-Managers exercise a judgment as to the relative importance of various fundamental conditions as well as degree of conviction in establishing the asset class and geographic allocations in the Fund.</p> <p>The Fund may invest up to 50% of its total net asset value in investment grade (as defined below) mortgage backed securities while investments in non-investment grade mortgage backed securities will be subject to the 20% limit on non-investment grade debt securities as described below.</p> <p>The Fund may invest less than 30% of its total net asset value in real estate investment trusts (“REITs”).</p>

independent rating agencies (e.g. Moody's, Standard & Poor's, Fitch)) and unrated debt securities (including but not limited to convertible bonds, asset backed securities, mortgage backed securities and asset backed commercial papers etc.) issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and emerging markets, provided that, the Fund may only invest less than 30% of its total net asset value in convertible bonds, asset backed securities, mortgage backed securities and asset backed commercial papers in aggregate. There are no restrictions on the minimum credit ratings of the debt securities that the Fund may hold, directly or indirectly.

The Fund will not invest more than 10% of its total net asset value in:

- (i) securities issued or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade;
- (ii) contingent convertible bonds;
- (iii) Chinese debt securities traded in the CIBM through the CIBM Initiative and/or Bond Connect; or
- (iv) PRC onshore securities (including equity and debt securities).

The Fund may gain its exposure to equity and debt securities directly and/or through investing up to 50% of its total net asset value in units or shares of other collective investment schemes authorised by the SFC¹, or in recognised jurisdiction schemes (i.e. schemes domiciled in Luxembourg, Ireland and the United Kingdom) provided that investment in any one of such schemes may not exceed 30% of the Fund's total net asset value. The investment objective and strategy of the underlying schemes which the Fund invests in are similar to those of the Fund, and such underlying schemes will not use derivatives extensively or primarily for investment purposes. There are no restrictions on asset classes or geographies of the underlying schemes.

The Fund may invest less than 30% of its total net asset value in real estate investment trusts ("REITs").

The Fund may have limited usage of derivatives as permitted by the SFC from time to time such as options, warrants and futures and may under limited

The Fund will invest in equity and equity equivalent securities globally (including but not limited to American depositary receipts, global depositary receipts, equity-linked notes, participation notes etc.), provided that the Fund may only invest less than 10% of its total net asset value in equity-linked notes and participation notes. There are no restrictions on market capitalisations, industries or geographies.

The Fund's aggregate exposure (direct and indirect) to China A-Shares and B-Shares may not exceed 10% of its total net asset value and should this investment policy in China A-Shares and/or B-Shares change in the future, not less than one month's prior notice will be given to unitholders and the offering document will be updated accordingly.

The Fund will invest in investment grade (rated Baa3/BBB- or higher using the highest rating available from one of the international independent rating agencies (e.g. Moody's, Standard & Poor's, Fitch)), non-investment grade (rated Ba1/BB+ or below using the highest rating available from one of the international independent rating agencies (e.g. Moody's, Standard & Poor's, Fitch)) and unrated debt securities (including but not limited to convertible bonds, asset backed securities, collateralised loan obligations, mortgage backed securities and asset backed commercial papers etc.) issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and emerging markets, provided that, the Fund may only invest less than 30% of its total net asset value in convertible bonds, asset backed securities, collateralised loan obligations and asset backed commercial papers in aggregate. For the avoidance of doubt, the Fund will not invest more than 20% of its total net asset value in non-investment grade debt securities.

The Fund will not invest more than 10% of its total net asset value in:

- (i) securities issued or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade;
- (ii) contingent convertible bonds;
- (iii) Chinese debt securities traded in the China interbank bond market ("CIBM") through the CIBM Initiative and/or Bond Connect; or
- (iv) PRC onshore securities (including equity and debt securities).

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circumstances (e.g. for cash management purpose) as considered appropriate by the Manager, Investment Manager and/or Sub-Manager, hold up to 30% of its total net asset value in cash and cash based instruments.

The Fund will have limited Renminbi (RMB) denominated underlying investments.

The investment objective, policy and investment restrictions and guidelines of the Fund may, subject to the approval of the Trustee and/or the SFC (as applicable), vary from time to time when the Manager, Investment Manager and/or Sub-Manager consider appropriate in the circumstances.

Investment Restrictions and Guidelines

The Fund may invest in anything into which a person may invest, subject to the investment restrictions as stipulated in the sub-section entitled “Investment Restrictions and Guidelines” under the section entitled “INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS” in Section A – Consolidated Explanatory Memoranda of Asia Pacific Equity Funds, unless otherwise set out below.

The following investment restrictions and guidelines are applicable to the Fund:

(i) The Fund will not invest more than 10% of its total net asset value in securities issued by or guaranteed by any single sovereign issuer with a credit rating below investment grade.

(ii) The Fund may invest less than 30% of its total net asset value in convertible bonds, asset backed securities, mortgage backed securities and asset backed commercial papers in aggregate.

(iii) The Fund may invest less than 10% of its total net asset value in equity-linked notes and participation notes.

(iv) Notwithstanding (iii), (xiii), (xiv), (xix) and (xx) respectively in the sub-section entitled “Investment Restrictions and Guidelines” under the section entitled “INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS” in Section A – Consolidated Explanatory Memoranda of Asia Pacific Equity Funds:

(a) The Fund may invest up to 50% of its total net asset value in units or shares of other collective investment schemes authorised by the SFC¹, or in recognised jurisdiction schemes (i.e. schemes domiciled in Luxembourg, Ireland and the United Kingdom)

The Fund may have limited usage of derivatives as permitted by the SFC from time to time such as options, warrants and futures.

The Fund may under limited circumstances (e.g. for cash management purpose) as considered appropriate by the Manager, Investment Manager and/or Sub-Managers, hold up to 30% of its total net asset value in cash and cash based instruments.

The Fund will have limited Renminbi (RMB) denominated underlying investments.

The Fund may gain its exposure to equity and debt securities directly and/or through investing up to 50% of its total net asset value in units or shares of other collective investment schemes which are either authorised by the SFC¹ or eligible schemes in accordance with the list of recognised jurisdictions published by the SFC, provided that investment in any one of such schemes may not exceed 30% of the Fund’s total net asset value. The investment objective and strategy of the underlying schemes which the Fund invests in are similar to those of the Fund, and such underlying schemes will not use derivatives extensively. There are no restrictions on asset classes or geographies of the underlying schemes.

The Fund may invest in assets denominated in any currency. Non USD currency exposure may be hedged. The investment objective, policy and investment restrictions and guidelines of the Fund may, subject to the approval of the Trustee and/or the SFC (as applicable), vary from time to time when the Manager, Investment Manager and/or Sub-Managers consider appropriate in the circumstances.

Investment Restrictions and Guidelines

The Fund may invest in anything into which a person may invest, subject to the investment restrictions as stipulated in the sub-section entitled “Investment Restrictions and Guidelines” under the section entitled “INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS” in Section A – Consolidated Explanatory Memoranda of Asia Pacific Equity Funds, unless otherwise set out below.

The following investment restrictions and guidelines are applicable to the Fund:

(i) The Fund will not invest more than 10% of its total net asset value in securities issued by or guaranteed by any single sovereign issuer with a credit rating below investment grade.

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provided that investment in any one of such schemes may not exceed 30% of the Fund's total net asset value. The Fund may also invest not more than 10% of its total net asset value in non-recognised jurisdiction schemes not authorised by the SFC.

For the purposes of (a), the Fund may invest in the underlying scheme provided that no more than 10% of the assets of such underlying scheme, whose acquisition is contemplated, can, according to its constitutional documents, in aggregate be invested in other schemes.

(b) The Fund may not sell short any securities.

(c) The 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.

(d) The value of the Fund's holding of securities neither listed nor quoted on a market may not exceed 10% of its total net asset value.

For the purposes of (d), market means any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded.

(v) The Fund will not invest more than 10% of its total net asset value in contingent convertible bonds.

(vi) The Fund will not invest more than 10% of its total net asset value in Chinese debt securities traded in the CIBM through the CIBM Initiative and/or Bond Connect.

(vii) The Fund may invest less than 30% of its total net asset value in REITs.

(ii) The Fund may invest less than 30% of its total net asset value in convertible bonds, asset backed securities, collateralised loan obligations and asset backed commercial papers in aggregate.

(iii) The Fund may invest up to 50% of its total net asset value in investment grade mortgage backed securities

(iv) The Fund will not invest more than 20% of its total net asset value in non-investment grade debt securities.

(v) The Fund may invest less than 10% of its total net asset value in equity-linked notes and participation notes.

(vi) Notwithstanding (xiii), (xiv) and (xx) respectively in the sub-section entitled "Investment Restrictions and Guidelines" under the section entitled "INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS" in Section A – Consolidated Explanatory Memoranda of Asia Pacific Equity Funds:

(a) The Fund may invest up to 50% of its total net asset value in units or shares of other collective investment schemes authorised by the SFC¹ or eligible schemes in accordance with the list of recognised jurisdictions published by the SFC, provided that investment in any one of such schemes may not exceed 30% of the Fund's total net asset value. The Fund may also invest not more than 10% of its total net asset value, in aggregate, in not eligible schemes.

For the purposes of (a), the Fund may invest in the underlying scheme provided that no more than 10% of the assets of such underlying scheme, whether individually or on an aggregate basis, be invested in other schemes.

(b) The Fund may not sell short any securities.

(c) The 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.

(vii) The Fund will not invest more than 10% of its total net asset value in contingent convertible bonds.

(viii) The Fund will not invest more than 10% of its total net asset value in Chinese debt securities traded in the CIBM through the CIBM Initiative and/or Bond Connect.

(ix) The Fund will not invest more than 10% of its total net asset value in PRC onshore securities (including equity and debt securities).

(x) The Fund may invest less than 30% of its total net asset value in REITs.

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