

**IMPORTANT: This letter and its enclosures require your immediate attention. If you have any questions about the content of this letter and its enclosures, you should seek independent professional advice.**

30 August 2013

Dear Investor,

**Merger of JPMorgan Funds – Europe Dynamic Mega Cap Fund (the “Merging Sub-Fund”) into JPMorgan Funds – Europe Dynamic Fund (the “Receiving Sub-Fund”)**

We are writing on behalf of the Board of Directors of JPMorgan Funds (the “Fund”) to inform you about the merger of the Merging Sub-Fund in which you own investments into the Receiving Sub-Fund. This merger was identified as part of a comprehensive, strategic review of the overall J.P. Morgan Asset Management fund range, with the aim of simplifying and improving the offering, ensuring that investors have access to a broadly diversified and innovative product range.

As at 31 July 2013, the fund sizes of the Merging Sub-Fund and the Receiving Sub-Fund are approximately US\$65 million and US\$239 million respectively. There are no unamortised preliminary expenses in relation to the Merging Sub-Fund.

This letter and the enclosed “Notice of Sub-Fund Merger” and “Detailed Sub-Fund Comparison” (the “Letter”) provide important information you will want to know, including the reason for and details of the merger (which will be carried out in accordance with applicable Luxembourg law(s) and article 21 of the consolidated articles of incorporation of JPMorgan Funds dated 16 February 2011), the date of the merger, how it will affect you and the choices you have. From the date of this Letter, the Merging Sub-Fund is no longer allowed to be marketed to the public in Hong Kong and we will not accept subscriptions from Hong Kong investors, including existing investors through the Regular Investment Plan and eScheduler (if applicable).

Your holdings in the Merging Sub-Fund will be exchanged automatically for shares in the Receiving Sub-Fund as described in this Letter. A contract note will be issued to you after 25 October 2013 (the “Merger Date”) informing you of the number of shares you hold in the Receiving Sub-Fund.

However, if you do not want your shares to be exchanged, you may redeem your shares, or switch your holding in the Merging Sub-Fund free of charge 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 Securities and Futures Commission (the “SFC”) for sale to the public in Hong Kong, during the waiver period between 30 August 2013 to 22 October 2013<sup>1</sup>. Details of such funds (including the relevant offering documents) can be found at our website [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk)<sup>2</sup>. 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.

As there may be potential tax consequences to any redemption, switching or realisation, we recommend that you read this document carefully and that you seek tax and investment advice as appropriate before making a final decision.

<sup>1</sup> 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.

<sup>2</sup> The website has not been reviewed by the SFC.

The Management Company of the Fund accepts responsibility for the accuracy of the content of this Letter.

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

- your bank or financial adviser;
- our Intermediary Hotline on (852) 2978 7788;
- our Intermediary Clients' Hotline on (852) 2265 1000; 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  
as Hong Kong Representative of the Fund

A handwritten signature in black ink, appearing to be 'Terry S. Pan', with a stylized flourish at the end.

Terry S. Pan, CFA  
Head of Hong Kong Business

Encl.

## Notice of Sub-fund Merger

### Summary

This section outlines key information relating to the merger as it concerns you as an investor. Further information is contained in the Detailed Sub-fund Comparison that follows.

### KEY FACTS

Your sub-fund (the "Merging Sub-Fund")	<ul style="list-style-type: none"> <li>JPMorgan Funds - Europe Dynamic Mega Cap Fund</li> </ul>
Receiving sub-fund (sub-fund which your sub-fund is merging into)	<ul style="list-style-type: none"> <li>JPMorgan Funds - Europe Dynamic Fund</li> </ul>
Merger date	<ul style="list-style-type: none"> <li>28 October 2013</li> </ul>
Background and reasons for merger	<ul style="list-style-type: none"> <li>Your sub-fund has experienced significant shareholder redemptions and we believe there are limited prospects of attracting new investment in the strategy.</li> </ul>

### IMPACT

Key differences in investment policy between your sub-fund and the receiving sub-fund	<ul style="list-style-type: none"> <li>Your sub-fund invests primarily in mega capitalisation European companies, whereas the receiving sub-fund may invest in European companies of all sizes.</li> </ul>
Potential benefits	<ul style="list-style-type: none"> <li>The merger will give you the opportunity to invest in a sub-fund that provides greater investment opportunities with exposure to a wider investment universe.</li> <li>In addition, the merger aims to provide a simplified product range for shareholders that allows for more efficient use of fund management, operational and administrative resources by eliminating overlapping investment strategies.</li> </ul>
Potential drawbacks	<ul style="list-style-type: none"> <li>Certain one-time expenses associated with the merger will be borne by your sub-fund. These include costs associated with trading and transferring your sub-fund's assets and are estimated at 0.19% - 0.39% (equivalent to approximately US\$125,000 to US\$257,000), based on the portfolio of the Merging Sub-Fund as at 31 July 2013.</li> <li>After 6pm (HK time) on 22 October 2013, you will not be able to switch or redeem shares in your sub-fund.</li> </ul>
Other considerations	<ul style="list-style-type: none"> <li>As the merger date approaches, your sub-fund may adjust its portfolio so that it resembles that of the Receiving Sub-Fund. This may cause your sub-fund to deviate from its investment policy prior to the merger and there is no additional risk involved.</li> <li>Charges of the Receiving Sub-Fund will be the same as your sub-fund.</li> <li>Your sub-fund will not bear any additional legal, advisory or administrative costs associated with the merger. Such costs, estimated to approximately US\$65,500 will be borne by the Management Company.</li> </ul>

### TIMELINE

6:00p.m. (HK time), 22 October 2013	<ul style="list-style-type: none"> <li>You may switch out or redeem shares in your sub-fund free of charge before this cut-off time. After this cut-off time, you will not be able to switch or redeem shares in your sub-fund.</li> </ul>
25 October 2013, after close of business	<ul style="list-style-type: none"> <li>The merger transaction occurs. All the assets, liabilities and any accrued income and expense in your sub-fund will be transferred to the Receiving Sub-Fund, and your sub-fund will cease to exist.</li> <li>Your shares are exchanged free of charge for shares in the equivalent share class of the Receiving Sub-Fund, based on the net asset value per share in effect that day for both sub-funds.</li> <li>The value of the shares you own in your sub-fund and the new shares you receive in the receiving sub-fund will be the same but you may receive a different number of shares.</li> </ul>
28 October 2013	<ul style="list-style-type: none"> <li>As an investor in the Receiving Sub-Fund, you can switch and redeem your new shares and subscribe for additional shares in the Receiving Sub-Fund.</li> </ul>

## Detailed Sub-fund Comparison

This table compares the relevant information of your sub-fund with that of the Receiving Sub-Fund. The table indicates where information is the same between the sub-funds and where it is different. Unless stated otherwise, terms in this table have the same meaning as in the relevant offering document.

	JPMorgan Funds – Europe Dynamic Mega Cap Fund (the Merging Sub-Fund)	JPMorgan Funds – Europe Dynamic Fund (the Receiving Sub-Fund)
<b>GENERAL INFORMATION</b>		
<b>Benchmark</b>	Stoxx Europe 50 Index (Total Return Net)	MSCI Europe Index (Total Return Net)
<b>End of Financial Year</b>	30 June	30 June
<b>Fund range</b>	JPMorgan Funds	JPMorgan Funds
<b>Date of Annual General Meeting of shareholders</b>	Third Wednesday of November at 3.00 p.m. (or, if such day is not a business day in Luxembourg, on the next following business day).	Third Wednesday of November at 3.00 p.m. (or, if such day is not a business day in Luxembourg, on the next following business day).
<b>Base currency</b>	Euro (EUR)	Euro (EUR)

The management company, investment manager, custodian, dealing and valuation arrangement, distribution policy and minimum investment amount are the same for both the Merging Sub-Fund and the Receiving Sub-Fund.

## OBJECTIVES AND INVESTMENT POLICIES

### Information that is Different Between Sub-funds

The Sub-Fund aims to maximise long-term capital growth by investing primarily in an aggressively managed portfolio of mega capitalisation European companies.

At least 67% of the Sub-Fund's assets (excluding cash and cash equivalents) will be invested in equity securities of mega capitalisation companies that are domiciled in, or carrying out the main part of their economic activity in, a European country. Market capitalisation is the total value of a company's shares and may fluctuate materially over time. Mega capitalisation companies are those whose market capitalisation is within the range of the market capitalisation of the biggest 300 companies in the MSCI Europe Index at the time of purchase.

The Sub-Fund aims to maximise long-term capital growth by investing primarily in an aggressively managed portfolio of European companies.

At least 67% of the Sub-Fund's assets (excluding cash and cash equivalents) will be invested in equity securities of companies that are domiciled in, or carrying out the main part of their economic activity in, a European country.

### Information that is the Same in Both Sub-funds

The Sub-Funds use an active investment process that is based on systematic investment in equity securities with specific style characteristics, such as value and momentum, that are associated with long-term outperformance caused by the impact of psychological factors on stock markets.<sup>1</sup>

The Sub-Funds may invest in assets denominated in any currency and currency exposure may be hedged.

The Sub-Funds may use financial derivative instruments for the purposes of hedging and efficient portfolio management.<sup>2</sup>

The Sub-Funds may not be appropriate for investors who plan to withdraw their money within five years.

## RISK FACTORS

### Information that is Different Between Sub-funds

The Receiving Sub-Fund, which may invest in smaller companies, may fluctuate in value more than the Merging Sub-Fund because of the greater potential volatility of share prices of smaller companies.

### Information that is the Same in Both Sub-funds

The value of your investment may fall as well as rise and you may get back less than you originally invested.

Because the Sub-Funds are aggressively managed, volatility may be high as the Sub-Funds may take larger position sizes, may have high turnover of holdings and at times may have a significant exposure to certain areas of the market.

The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.

Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful.

Further information about risks can be found in the offering document.

## CHARGES

The types and level of charges are the same for both the Merging Sub-Fund and the Receiving Sub-Fund.

## Next Steps

### TO GET MORE INFORMATION

Copies of the Hong Kong Offering Document, Product Key Facts Statements and other documents of the Merging Sub-Fund and the Receiving Sub-Fund are available for inspection free of charge during normal working hours at the registered office of the Hong Kong Representative<sup>3</sup>.

<sup>1</sup> In the context of the Sub-Funds, long-term outperformance may be considered to mean performing better than the relevant market over a market cycle and psychological factors may include but are not limited to investor overconfidence and loss aversion.

<sup>2</sup> The Sub-Funds invest in financial derivative instruments in a limited extent for investment purpose. The types of financial derivative instruments used are the same for both sub-funds.

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