

**JPMorgan Funds**  
**Société d'Investissement à Capital Variable**  
**Registered Office: European Bank and Business Centre, 6 route de Trèves,**  
**L-2633 Senningerberg, Grand Duchy of Luxembourg**  
**R.C.S. Luxembourg B 8478**

«Address\_1»  
«Address\_2»  
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Luxembourg, 19 April 2013

Dear Shareholder,

**Merger of JPMorgan Funds – US Dynamic Fund (the "Merging Sub-Fund") into JPMorgan Funds – US Dynamic 130/30 Fund (the "Receiving Sub-Fund") and change of name of the Receiving Sub-Fund**

I am writing to you as a shareholder in the Merging Sub-Fund on behalf of the Board of Directors (the "Board") of JPMorgan Funds (the "Company") to inform you of the merger of the Merging Sub-Fund into the Receiving Sub-Fund, two sub-funds of the Company and the change of name of the Receiving Sub-Fund.

The purpose of this letter is to describe in accordance with the Company's current prospectus (the "Prospectus") and articles of incorporation (the "Articles") the merger which will become effective on 31 May 2013 (the "Effective Date").

The Merging Sub-Fund and the Receiving Sub-Fund are both managed by JPMorgan Asset Management (Europe) S.à r.l. (the "Management Company"), a regulated Luxembourg Management Company.

**1. REASON FOR AND ADVANTAGE OF THE MERGER**

Following significant outflows from the Merging Sub-Fund, the Board has approved the merger with the purpose of offering shareholders of the Merging Sub-Fund the opportunity of investing in a sub-fund that has experienced superior performance historically<sup>1</sup> and that has the prospect of stronger growth in assets in future.

**2. COMPARISON OF THE FEATURES OF THE MERGING AND RECEIVING SUB-FUNDS**

Please refer to Appendix I for a comparison of the Merging Sub-Fund and the Receiving Sub-Fund.

Due to the assets of the Receiving Sub-Fund being invested either directly or through the use of financial derivatives there are additional risks to which the Receiving Sub-Fund is exposed:

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<sup>1</sup> Past performance is not a guide to future performance.

- The value of financial derivative instruments can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument and therefore, investment in such instruments may result in losses in excess of the amount invested by the Receiving Sub-Fund.
- The possible loss from taking a short position on a security may be unlimited as there is no restriction on the price to which a security may rise. The short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.
- There is no guarantee that the use of long and short positions will succeed in enhancing investment returns.

Shareholders should note that the Receiving Sub-Fund charges a performance fee, details of which are outlined in Appendix I. For information relating to the performance fee calculation methodology shareholders should refer to the full prospectus.

### **3. SHAREHOLDER RIGHTS**

On the Effective Date, you will receive shares of the Receiving Sub-Fund based on the net asset value per share of your existing share class and the net asset value per share of the equivalent share class in the Receiving Sub-Fund calculated on the Effective Date.

The specific features of the relevant share classes are set out in Appendix I to this letter.

For the avoidance of doubt, you will continue to benefit from the general safeguards applicable to UCITS as you will remain invested in the same Company.

You may also continue to participate and exercise your voting rights in shareholder meetings, request redemption and switching of your shares on any valuation day (as defined in the Prospectus).

If, as a consequence of the merger, you wish to redeem your shares in the Merging Sub-Fund, the redemption fee that is usually applicable will be waived provided your request is received at the latest by 2.30pm CET on 28 May 2013 (the "Latest Redemption Date"). Accordingly, you should ensure that your dealing instructions are received on or before 2.30pm CET on the Latest Redemption Date. Redemptions will be carried out in accordance with the terms of the Prospectus.

You may also request the switching of your shares into another sub-fund managed by the Management Company, (subject to minimum investment requirements as set out in the relevant prospectus and the authorisation of the particular sub-fund for sale in your relevant jurisdiction), provided your request is received by 2.30pm CET on the Latest Redemption Date. Accordingly, you should ensure that your dealing instructions are received on or before 2.30 pm CET on the Latest Redemption Date. The switching will be carried out in accordance with the normal terms of the Prospectus for switching into other sub-funds managed by the Management

Company, but no switching fee will be imposed by the Company on any such switches.

Redemption or switch out instructions received after 2.30pm CET on the Latest Redemption Date will not be accepted.

Apart from exceptional circumstances, subscriptions for new shares and switches into the Merging Sub-Fund will not be accepted after 2.30pm CET on 19 April 2013.

**You should consult your own professional advisers as to the tax implications of any switching of your shares into another sub-fund. Such switching may result in a tax charge.**

Shareholders in the T share class who choose to redeem their shares as a result of the merger may redeem their shares without paying any contingent deferred sales charge ("CDSC"). If Shareholders in the T share class choose to switch all or part of their shares in a T share class to a T share class of another sub-fund, such switches will not be subject to payment of the CDSC but instead the remaining CDSC will be carried forward to the new T share class.

You are invited to refer to the sections describing redemption and switching in the Prospectus. You should also refer to the applicable risks as set out in the Prospectus. If you have queries concerning these terms, please contact your local agent or the registered office of the Company.

In accordance with the terms of the Prospectus, requests for dealing in shares pursuant to the above paragraphs should be forwarded to the Management Company at their registered address: European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

**If you are in any doubt as to the action to be taken, you should consult your investment adviser.**

#### **4. REBALANCING OF THE PORTFOLIO AND TREATMENT OF ACCRUED INCOME**

The Merging Sub-Fund will transfer its assets on the Effective Date to the Receiving Sub-Fund.

After the merger, the Receiving Sub-Fund will be required to rebalance its portfolio to be in-line with its investment strategy.

Any accrued income in the Merging Sub-Fund at the time of the merger will be included in the calculation of its final net asset value and such accrued income will be accounted for on an ongoing basis after the merger in the net asset value per share calculations in the Receiving Sub-Fund. Any income accrued in the Receiving Sub-Fund prior to the merger will not be affected.

#### **5. TERMS AND PROCEDURE**

On the Effective Date, the Merging Sub-Fund will transfer all its assets and liabilities to the Receiving Sub-Fund and the Merging Sub-Fund will cease to exist.

Considering the merger, the Board has resolved that, apart from exceptional circumstances, subscriptions for new shares and switches into the Merging Sub-Fund will not be accepted after 2.30pm CET on 19 April 2013.

On the Effective Date, you will receive shares of the equivalent share class of the Receiving Sub-Fund based on the net asset value per share of their existing share class and the net asset value per share of the equivalent share class in the Receiving Sub-Fund calculated on the Effective Date. The valuation of your holding in shares of the Receiving Sub-Fund will be the same as that of the shares you held in the Merging Sub-Fund on the Effective Date.

Shares in the Merging Sub-Fund will be exchanged in accordance with the accounting procedures and the conversion ratio calculated on the Effective Date.

Upon implementation of the merger, the issue of shares in the Receiving Sub-Fund in exchange for shares of the Merging Sub-Fund will not be subject to any charge. For information on costs, please refer to "Costs of the Merger" below.

The first dealing day for your new shares will be 3 June 2013.

## **6. COSTS OF THE MERGER**

All legal, advisory and administrative costs associated with the preparation and the completion of the merger will be borne by the Management Company.

Any transaction costs, stamp duty or financial transaction taxes linked to the transfer of assets as a result of the merger will be borne by the Merging Sub-Fund.

Any transactions costs, stamp duty or financial transaction taxes linked to any rebalancing required in the Receiving Sub-Fund will be borne by the Receiving Sub-Fund.

**You should consult your own professional advisers as to the tax implications of the merger under the laws of the country of your nationality, residence, domicile or incorporation.**

## **7. CHANGE OF NAME OF THE RECEIVING SUB-FUND**

The Receiving Sub-Fund will change its name to JPMorgan Funds - US Equity Plus Fund from the Effective Date.

The Board has decided to rename sub-funds branded "130/30" as the term "130/30" has proven confusing for shareholders.

The term "Equity Plus" in the Receiving Sub-Fund's name refers to the additional return the Receiving Sub-Fund aims to deliver both relative to its benchmark as well as relative to traditional strategies which do not have the ability to hold short positions.

There will be no change in the way in which the Receiving Sub-Fund is managed.

### **Availability of Documents**

The following documents are available from the registered office of the Company, upon request, free of charge.

- common draft terms of the merger
- the latest Prospectus
- copies of the auditor's merger report of the Company relating to the merger
- key investor information documents ("KIID") of the Receiving Sub-Fund

Copies of material contracts of the Company may be obtained and/or inspected free of charge at the registered office of the Company.

A copy of the relevant KIID of the Receiving Sub-Fund is attached. Please note that this document will only become valid from the Effective Date.

Yours faithfully,  
*By order of the Board of Directors*

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### **Contact information**

For further queries, you may contact the registered office of the Management Company or your usual local representative.

*Please be advised that the latest version of the prospectus and articles of incorporation as well as copies of the latest annual and semi annual report are available free of charge upon request at the registered office of the Fund or from the Fund local representative. The latest version of the Prospectus is also available on the website [www.jpmorganassetmanagement.com](http://www.jpmorganassetmanagement.com)*

## APPENDIX I

### SCHEDULE OF PRINCIPAL DIFFERENCES BETWEEN THE MERGING SUB-FUND AND THE RECEIVING SUB-FUND

You are invited to refer to the prospectuses for more information on the respective features of the Merging Sub-Fund and the Receiving Sub-Fund.

Unless stated otherwise, the terms used in this Appendix are as defined in the Prospectus.

PRODUCT FEATURES	JPMorgan Funds – US Dynamic Fund	JPMorgan Funds – US Dynamic 130/30 Fund
<b>Legal Name</b>	JPMorgan Funds – US Dynamic Fund.	JPMorgan Funds – US Dynamic 130/30 Fund.
I. OPERATIONAL DETAILS		
<b>Valuation Days</b>	Daily	Daily
<b>Pricing of Shares</b>	Based on the net asset value for each class of Shares calculated as at each Valuation Days in the currency of the relevant Share Class.	Based on the net asset value for each class of Shares calculated as at each Valuation Days in the currency of the relevant Share Class.
II. INVESTMENT OBJECTIVES AND POLICIES, AND RELATED RISKS		
<b>Investment Objective and Policies</b>	<p>To maximise long-term capital growth by investing primarily in an aggressively managed portfolio of US companies.</p> <p>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, the US.</p> <p>The Sub-Fund may also invest in Canadian companies.</p> <p>The Sub-Fund uses an active investment process that is based on systematic investment in equity securities with specific style characteristics, such a value</p>	<p>To provide long-term capital growth through exposure to US companies by direct investments in securities of such companies and through the use of financial derivative instruments. The portfolio will be managed aggressively.</p> <p>At least 67% of the Sub-Fund's assets (excluding cash and cash equivalents) will be invested, either directly or through the use of financial derivative instruments, in equity securities of companies that are domiciled in, or carrying out the main part of their economic activity in, the US.</p> <p>The Sub-Fund may also invest in Canadian companies.</p> <p>To enhance investment returns,</p>

PRODUCT FEATURES	JPMorgan Funds – US Dynamic Fund	JPMorgan Funds – US Dynamic 130/30 Fund
	<p>and momentum, that are associated with long-term outperformance caused by the impact of psychological factors on stock markets.</p> <p>Debt securities, cash and cash equivalents may be held on an ancillary basis.</p> <p>The Sub-Fund may also invest in UCITS and other UCIs.</p> <p>The Sub-Fund may invest in assets denominated in any currency and currency exposure may be hedged.</p> <p>The Sub-Fund may use financial derivative instruments for the purposes of hedging and efficient portfolio management.</p>	<p>the Sub-Fund uses a 130/30 strategy, buying securities considered undervalued or attractive and selling short securities considered overvalued or less attractive, using financial derivative instruments where appropriate.</p> <p>The Sub-Fund will normally hold long positions of approximately 130% of its net assets and short positions (achieved through the use of financial derivative instruments) of approximately 30% of its net assets but may vary from these targets depending on market conditions.</p> <p>The Sub-Fund uses 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.</p> <p>The Sub-Fund will invest in financial derivative instruments to achieve its investment objective. Such instruments may also be used for the purposes of hedging. These instruments may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments, mortgage TBAs and swap contracts by private agreement and other fixed</p>

PRODUCT FEATURES	JPMorgan Funds – US Dynamic Fund	JPMorgan Funds – US Dynamic 130/30 Fund
		<p>income, currency and credit derivatives.</p> <p>Debt securities, cash and cash equivalents may be held on an ancillary basis.</p> <p>The Sub-Fund may also invest in units of UCITS and other UCIs including money market funds.</p> <p>USD is the reference currency of the Sub-Fund but assets may be denominated in other currencies and currency exposure may be hedged.</p>
<b>Investor Profile</b>	<p>This is an aggressively managed equity Sub-Fund, investing in a portfolio of US stocks chosen for their specific style characteristics. Therefore, the Sub-Fund may be suitable for investors looking for a higher risk equity strategy to complement an existing core portfolio or investors looking to boost long-term returns but who are also comfortable with the extra risks inherent in the Sub-Fund. The Sub-Fund may be suitable for investors with at least a five year investment horizon.</p>	<p>This is an aggressively managed Sub-Fund investing in a portfolio of US stocks chosen for their specific style characteristics. Financial derivative instruments will be used to gain exposure to covered long and short positions on such securities. The Sub-Fund may be suitable for investors who are looking for an equity investment with scope for additional returns. Investors should have a five year investment horizon.</p>
<b>Synthetic Risk and Reward Indicator</b>	<b>6</b>	<b>6</b>
<b>Risk Factors</b>	<p>The value of your investment may fall as well as rise and you may get back less than you originally invested.</p> <p>Because the Sub-Fund is aggressively managed,</p>	<p>The value of your investment may fall as well as rise and you may get back less than you originally invested.</p> <p>There is no guarantee that the use of long and short positions</p>

PRODUCT FEATURES	JPMorgan Funds – US Dynamic Fund	JPMorgan Funds – US Dynamic 130/30 Fund
	<p>volatility may be high.</p> <p>The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.</p> <p>The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds. 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.</p>	<p>will succeed in enhancing investment returns.</p> <p>Because the Sub-Fund is aggressively managed, volatility may be high.</p> <p>The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.</p> <p>The single market in which the Sub-Fund invests may be subject to particular political and economic risks, and as a result, the Sub-Fund may be more volatile than more broadly diversified funds.</p> <p>The value of financial derivative instruments can be volatile. This is because a small movement in the value of the underlying asset can cause a large movement in the value of the financial derivative instrument and therefore, investment in such instruments may result in losses in excess of the amount invested by the Sub-Fund.</p> <p>The possible loss from taking a short position on a security may be unlimited as there is no restriction on the price to which a security may rise. The short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors.</p>
<b>III. SHARE CLASSES AND MINIMUM INVESTMENT AND HOLDING REQUIREMENTS</b>		
<b>Share Classes</b>	JPM US Dynamic A, B, C, D, I, T and X	JPM US Dynamic 130/30 A, B, C, D, I, T, X and Y

<b>PRODUCT FEATURES</b>	<b>JPMorgan Funds – US Dynamic Fund</b>	<b>JPMorgan Funds – US Dynamic 130/30 Fund</b>
<b>Minimum Initial Subscription Amount</b>	A Shares: USD 35,000 B Shares: USD 1,000,000 C Shares: USD 10,000,000 D Shares: USD 5,000 I Shares: USD 10,000,000 T Shares: USD 5,000 X Shares: On application	A Shares: USD 35,000 B Shares: USD 1,000,000 C Shares: USD 10,000,000 D Shares: USD 5,000 I Shares: USD 10,000,000 T Shares: USD 5,000 X Shares: On application
<b>Minimum Shareholding</b>	A Shares: USD 5,000 B Shares: USD 1,000,000 C Shares: USD 10,000,000 D Shares: USD 5,000 I Shares: USD 10,000,000 T Shares: USD 5,000 X Shares: On application	A Shares: USD 5,000 B Shares: USD 1,000,000 C Shares: USD 10,000,000 D Shares: USD 5,000 I Shares: USD 10,000,000 T Shares: USD 5,000 X Shares: On application
<b>IV. FEES TO BE BORNE BY THE SHAREHOLDERS</b>		
<b>Initial Charge</b>	JPM US Dynamic A, D: 5%	JPM US Dynamic 130/30 A and D Shares: 5%
<b>CDSC</b>	JPM US Dynamic T: 3%	JPM UD Dynamic 130/30 T: 3%
<b>Switching charge</b>	Up to 1%	Up to 1%
<b>Redemption Charge</b>	JPM US Dynamic A, D: 0.50%	JPM US Dynamic 130/30 A and D Shares: 0.50%
<b>V. FEES PAID OUT OF THE FUND ASSETS</b>		
<b>Annual Management Charge</b>	A Shares: 1.50%	A Shares: 1.50%
	B Shares: 0.90%	B Shares: 0.90%
	C Shares: 0.80%	C Shares: 0.80%
	D Shares: 2.50%	D Shares: 2.50%
	I Shares: 0.80%	I Shares: 0.80%
	T Shares: 2.50%	T Shares: 2.50%
	X Shares: Nil	X Shares: Nil

<b>PRODUCT FEATURES</b>	<b>JPMorgan Funds – US Dynamic Fund</b>	<b>JPMorgan Funds – US Dynamic 130/30 Fund</b>
<b>Operating and Administration Expenses</b>	A Shares: 0.40%	A Shares: 0.40%
	B Shares: 0.25%	B Shares: 0.25%
	C Shares: 0.20%	C Shares: 0.20%
	D Shares: 0.40%	D Shares: 0.40%
	I Shares: 0.16% Max	I Shares: 0.16% Max
	T Shares: 0.40%	T Shares: 0.40%
	X Shares: 0.15% Max	X Shares: 0.15% Max
<b>Ongoing Charges</b>	A Shares: 1.90% B Shares: 1.15% C Shares: 1.00% D Shares: 2.90% I Shares: 0.96% T Shares: 2.90% X Shares: 0.15%	A Shares: 1.90% B Shares: 1.15% C Shares: 1.00% D Shares: 2.90% I Shares: 0.96% T Shares: 2.90% X Shares: 0.15%
<b>Performance Fee</b>	Not applicable	A performance fee of 10% will be charged on all Share Classes mentioned hereinabove. The calculation method is disclosed in the full prospectus <sup>2</sup>
<b>VI. INVESTMENT MANAGER</b>		
<b>Investment Manager</b>	J.P.Morgan Investment Management Inc., 270 Park Avenue, New York, NY 10167, United States of America	J.P.Morgan Investment Management Inc., 270 Park Avenue, New York, NY 10167, United States of America
<b>VII. OTHER INFORMATION</b>		
<b>Distributions</b>	(dist) and (inc) Share Classes are eligible for annual dividends but normally will be reinvested  (acc) Share Classes are accumulation Share Classes and in principle, no distributions will be made. Instead, the	(dist) and (inc) Share Classes are eligible for annual dividends but normally will be reinvested  (acc) Share Classes are accumulation Share Classes and in principle, no distributions will be made. Instead, the income due to them will be rolled up to enhance the value

<sup>2</sup> Please be aware that the Receiving Sub-Fund may have already started accruing a performance fee during the year which would be reflected in the net asset value of the Receiving Sub-Fund on the Effective Date

PRODUCT FEATURES	JPMorgan Funds – US Dynamic Fund	JPMorgan Funds – US Dynamic 130/30 Fund
	income due to them will be rolled up to enhance the value of the relevant shares.	of the relevant shares.
<b>Benchmark</b>	Standard & Poor's (S&P) 500 (Total Return Net)	Standard & Poor's (S&P) 500 (Total Return Net)  [For Hedged Share Classes: Standard & Poor's (S&P) 500 (Total Return Net) hedged into EUR for the EUR hedged Share Classes]
<b>Base currency</b>	US Dollar (USD)	US Dollar (USD)