

# GIM SPECIALIST INVESTMENT FUNDS

Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé  
Luxembourg

PROSPECTUS

March 2021

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THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF SHARES IN JURISDICTIONS OTHER THAN LUXEMBOURG MAY BE RESTRICTED. PROSPECTIVE INVESTORS ARE REQUIRED TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

This Prospectus has been prepared on a confidential basis for the benefit of selected qualified prospective eligible investors (see "Eligible Investors" below) pursuant to article 2(1) of the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended.

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Luxembourg, le 2021-03-04

Commission de Surveillance du Secteur Financier

GIM SPECIALIST INVESTMENT FUNDS (the "Fund") has been authorised under the Luxembourg law of 13 February 2007 relating to specialised investment funds, as amended (the "2007 Law") and qualifies as an alternative investment fund under the Directive 2011/61/EU of 8 June 2011. The Fund may be offered for sale in European Economic Area ("EEA") Member States subject to passport notification in countries other than Luxembourg. However, such authorisation does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Fund. Any representation to the contrary is unauthorised or unlawful. In addition, applications to register the Fund may be made in other non EEA countries.

None of the Shares have been or will be registered under the US Securities Act of 1933, as amended (the "1933 Act"), or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "United States" or "US"). The Fund has not been and will not be registered under the US Investment Company Act of 1940, as amended, nor under any other US federal laws. **Accordingly, except as provided for below, no Shares are being offered to US Persons (as defined under "2.2 Subscription for Shares" below). Shares will only be offered to a US Person at the sole discretion of either the Board of Directors or the Management Company.**

Notwithstanding anything herein to the contrary, each prospective investor, and each employee, representative or other agent of such prospective investor may disclose to any and all persons, without limitation of any kind, the US income and franchise tax treatment and the US income and franchise tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such prospective investor relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a US income or franchise tax strategy provided to such prospective investor.

Prospective investors should be aware that it is solely their responsibility to ensure their investment is compliant with the terms of any regulation applicable to them or their investment. Therefore, they should, accordingly, review this Prospectus 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 subscription, purchase, holding, conversion, redemption or disposal of Shares; (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 Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities. In particular, entities defined as insurance undertakings in Directive 2009/138/EC should take into consideration the terms of this Directive.

No person has been authorised to give any information or make representations regarding the Fund other than those contained in this Prospectus. Any information or representation given or made by any person which is not contained herein or in any other document which may be available for inspection should be regarded as unauthorised by the Fund and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation or imply that no change in the affairs of the Fund has occurred or that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

This Prospectus has been prepared solely for use in connection with the offering of the Shares. This Prospectus is personal to each offeree to whom it has been delivered by the Fund or an affiliate thereof and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Shares. Duplication or distribution of this Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Fund, is prohibited.

The Shares are being offered only to investors whom the Fund believes have the qualifications to permit the Shares to be offered. The Fund reserves the right to reject any application for subscription of Shares in whole or in part for any reason.

Investments in the Fund are not deposits or obligations of, or guaranteed or endorsed in any way by, JPMorgan Chase Bank, N.A. or any other bank. The Shares are not insured by the US Federal Deposit Insurance Corporation, the US Federal Reserve Board, or any other governmental agency and are subject to investment risks, including possible loss of the principal invested. It should be noted that investors' rights under the Fund will not be protected by the Luxembourg laws and regulations implementing the European Directive 97/9/EC on Financial Services Compensation Schemes.

Save as set out in this paragraph, the Management Company (as defined in "Principal Features and Glossary" below) shall not divulge any confidential information concerning the investor unless required to do so by law or regulation, or as set out in this Prospectus or the Privacy Policy. Shareholders and potential investors acknowledge that personal data as well as confidential information contained in the Application Form and arising from the business relationship with the Management Company may be stored, modified, processed or used in any other way by the Management Company, its agents, delegates, sub-delegates and certain third parties in any country in which the Management Company or JPMorgan Chase & Co. conducts business or has a service provider (even in countries that do not provide the same statutory protection towards investors' personal data deemed equivalent to those prevailing in the European Union) for the purpose of administering and developing the business relationship with the investor. Subject to applicable law, investors may have rights in respect of their personal data, including a right to access and rectification of their personal data and, in some circumstances, a right to object to the processing of their personal data. The Privacy Policy is available at [www.jpmorgan.com/emea-privacy-policy](http://www.jpmorgan.com/emea-privacy-policy) and hard copies are available on request from the Management Company.

Annual Reports will be available from the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives) and also from the registered office of the Management Company.

The Management Company or JPMorgan Chase & Co. may use telephone recording procedures to record, inter alia, transaction orders or instructions. By giving such instructions or orders by telephone, the counterparty to such transactions is deemed to consent to the tape-recording of conversations between such counterparty and the Management Company or JPMorgan Chase & Co. and to the use of such tape recordings by the Management Company and/or JPMorgan Chase & Co. in legal proceedings or otherwise at their discretion to the extent allowed by applicable laws and regulations.

**Investment in any of the Sub-Funds should be regarded as a long-term investment. There can be no guarantee that the objective of any Sub-Fund will be achieved.**

**Your attention is drawn to "Appendix III - Risk Factors".**

**In addition, any of the Sub-Funds' investments are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurances that appreciation will occur.**

**Prospective investors should inform themselves as to (a) the possible tax consequences, (b) the legal and regulatory requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship residence or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion and disposal of Shares in the Fund.**

**Investors should also read the Articles (as defined in "Principal Features and Glossary"). In case of discrepancy between the Prospectus and the Articles, the Articles shall prevail.**

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## **Principal Features and Glossary**

The definitions and features set forth hereafter are qualified in their entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b>AIFMD</b>	Alternative Investment Fund Managers Directive (Directive 2011/61/EU), the Commission Delegated Regulation (EU) No. 231/2013 and any implementing measures as implemented in Luxembourg by the Law of 12 July 2013 on Alternative Investment Fund Managers as amended from time to time.
<b>Application Form</b>	The application form of the Fund in connection with the subscription for Shares as amended from time to time.
<b>Articles</b>	The Articles of Incorporation of the Fund as amended from time to time.
<b>Benchmark</b>	<p>The benchmark, as amended from time to time, where listed in "Appendix II – Sub-Fund Details" for each Sub-Fund is a point of reference against which the performance of the Sub-Fund may be measured, unless otherwise stated. The degree of correlation with the benchmark may vary from Sub-Fund to Sub-Fund, depending on factors such as the risk profile, investment objective and investment restrictions of the Sub-Fund, and the concentration of constituents in the benchmark. Where a Sub-Fund's benchmark is part of the investment policy, this is stated in the investment objective and policy of the Sub-Fund in "Appendix II – Sub-Fund Details" and the Sub-Fund will be seeking to outperform such benchmark. Benchmarks used in the calculation of the performance fees are stated under each Sub-Fund in "Appendix II – Sub-Fund Details".</p> <p>The description "Total Return Net" is applied to a benchmark when the return is quoted net of tax on dividends, "Total Return Gross" is applied to a benchmark when the return quoted is gross of tax on dividends.</p>
<b>Board of Directors</b>	The Board of Directors of the Fund.
<b>Business Day</b>	A week day other than New Year's Day, Easter Monday, Christmas Day, the day prior to and following Christmas Day.
<b>Calendar Quarter(s)</b>	3 month periods ending on 31 March, 30 June, 30 September and 31 December of each year.
<b>Caisse de Consignation</b>	The Caisse de Consignation is a Luxembourg Government agency responsible for safekeeping unclaimed assets entrusted to it by financial institutions in accordance with applicable Luxembourg law(s). The Management Company will pay unclaimed Shareholder assets to the Caisse de Consignation in certain circumstances as described in the Prospectus.
<b>China A-Shares</b>	China A-Shares are traded in Renminbi on the Shanghai and Shenzhen stock exchanges by companies incorporated in mainland China.
<b>China-Hong Kong Bond Connect</b>	China-Hong Kong Bond Connect is a bond trading and clearing linked programme through which investments are made in onshore debt securities issued within the PRC.
<b>China-Hong Kong Stock Connect Programmes</b>	Means the Shanghai-Hong Kong Stock Connect and any other similarly regulated securities trading and clearing linked programmes as described in "Appendix III – Risk Factors".

<b>Classes/Share Class(es)</b>	The Management Company may decide to issue, within each Sub-Fund, separate Share Classes (hereafter referred to as a "Share Class" or "Share Classes", as appropriate) whose assets will be commonly invested but whose characteristics will differ, for example as a result of a specific sales or redemption charge structure, fee structure, distribution mechanism, minimum subscription amount, or dividend policy (see section "2.The Shares"). If different Share Classes are issued within a Sub-Fund, the particulars of each Share Class are described in the relevant section of "Appendix II – Sub-Fund Details".
<b>CNH</b>	Chinese offshore RMB, accessible outside the PRC and traded primarily in Hong Kong. The government of the PRC introduced this currency in July 2010 to encourage trade and investment with entities outside the PRC. The value of CNY (onshore) and CNH (offshore) may be different.
<b>CNY</b>	Chinese onshore RMB accessible within the PRC.
<b>Conversion of Shares</b>	Shares may not be converted into Shares of another existing Share Class or Sub-Fund without the consent of the Management Company, which may be withheld in its sole discretion. In the event such consent is given, subject to compliance with any conditions (including any minimum subscription requirement) of the Share Class into which conversion is to be effected, Shares may be converted into Shares of another existing Share Class of that or another Sub-Fund on the basis of the Net Asset Values of both Share Classes concerned, determined for the common applicable Dealing Day, less any applicable conversion charge.
<b>Contingent Convertible Securities</b>	A type of investment instrument that, upon the occurrence of a predetermined event (commonly known as a "trigger event"), can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Coupon payments on Contingent Convertible Securities are discretionary and may also be cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time.
<b>CSSF</b>	<i>Commission de Surveillance du Secteur Financier</i> – The regulatory and supervisory authority of the Fund in Luxembourg.
<b>Depository</b>	Depository within the meaning of the AIFMD which is Brown Brothers Harriman (Luxembourg) S.C.A.
<b>Dealing Day</b>	Any day on which subscription and redemption of Shares are accepted. Unless otherwise specified for each Sub-Fund in the relevant section of "Appendix II – Sub-Fund Details", a Dealing Day shall be any Valuation Day except New Year's Eve. Subscriptions and redemptions for each Dealing Day will be, unless otherwise specified for each Sub-Fund in the relevant section of "Appendix II – Sub-Fund Details", dealt using the Net Asset Value calculated as of the Dealing Day.
<b>Distributor</b>	A person or entity appointed by the Management Company to distribute or arrange for the distribution of Shares.
<b>Dividends</b>	Distributions attributable to a Share Class of the Fund. The dividend policy for each Sub-Fund is set out in "Appendix II – Sub-Fund Details".
<b>EEA</b>	European Economic Area.
<b>EEA Member States</b>	A member state of the European Economic Area.

<b>Eligible Investor(s)</b>	An investor who qualifies as an eligible investor within the meaning of the 2007 Law (e.g. an Institutional Investor, a Professional Investor and/or an Other Well-Informed Investor).
<b>EU</b>	European Union.
<b>EU Member State(s)</b>	A member state of the EU.
<b>EUR/Euro</b>	The official single European currency adopted by a number of EU Member States participating in the Economic and Monetary Union (as defined in European Union legislation).
<b>Extraordinary Expenses</b>	Any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge imposed on the Fund or its assets that would not be considered as an ordinary expense borne by the Fund.
<b>FATF</b>	Financial Action Task Force (also referred to as Groupe d'Action Financière Internationale "GAFI"). The Financial Action Task Force ("FATF") is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.
<b>Financial Year</b>	The Financial Year of the Fund ends on 31 December each year.
<b>Fund</b>	The Fund is an open-ended investment company organised under the 2007 Law as an investment company with variable capital - specialised investment fund or <i>Société d'Investissement à Capital Variable - Fonds d'Investissement Spécialisé</i> ("SICAV-FIS"). The Fund comprises one or more Sub-Funds (as defined herein). Each Sub-Fund may have one or more Share Classes (as defined herein).
<b>GBP or Sterling</b>	United Kingdom Pound Sterling.
<b>Hedged Share Classes</b>	<p>Where a Share Class is described as hedged (a "Hedged Share Class"), the intention will be to either systematically hedge (i) the value of the net assets in the reference currency of the Sub-Fund into the Reference Currency of the Hedged Share Class ("NAV Hedge"), or (ii) systematically hedge the currency exposure of certain (but not necessarily all) assets of the relevant Sub-Fund into the Reference Currency of the Hedged Share Class ("Portfolio Hedge").</p> <p>Where a Sub-Fund offers Hedged Share Classes, the hedging method used by the Sub-Fund is indicated in the relevant section of "Appendix II – Sub-Fund Details".</p> <p>It is generally intended to carry out such hedging through the use of various techniques, including entering into Over The Counter ("OTC") currency forward contracts and foreign exchange swap agreements. In cases where the underlying currency is not liquid, or where the underlying currency is closely linked to another currency, proxy hedging may be used.</p> <p>All costs and expenses incurred in effecting the hedging process will be borne on a pro rata basis by all Hedged Share Classes denominated in the same Reference Currency issued within the same Sub-Fund.</p> <p>Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Investment Manager, however, over-hedged positions will not be permitted to exceed 105% of the Net Asset Value of the Hedged Share Class and under-hedged positions will not usually fall below 95% of the Net Asset Value of the Hedged Share Class. The hedged positions</p>



will be kept under review to ensure that under-hedged positions do not fall below the levels set out above and are not carried forward from month to month and that over-hedged positions materially in excess of 100% will not be carried forward from month to month.

Shareholders should be aware that any currency hedging process may not give a precise hedge. Furthermore, there is no guarantee that the hedging will be totally successful. Shareholders in the Hedged Share Classes may have exposure to currencies other than the Reference Currency of the Hedged Share Class.

Those Share Classes that are hedged will be identified with the suffix "(hedged)".

**Key Information Document**

Key investor document for packaged retail and insurance-based investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

**Institutional Investor(s)**

An investor who qualifies as an institutional investor according to the Luxembourg law. As at the date of the Prospectus the following types of investors qualify as Institutional Investors:

a) Institutional Investors *stricto sensu*, such as banks and other professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures that such institutional investors put into place for the management of their own assets.

b) Credit institutions and other professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined under the (i) above.

c) Credit institutions and other professionals of the financial sector established in Luxembourg or abroad that invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.

d) Collective investment undertakings established in Luxembourg or abroad.

e) Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs.

f) Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders / beneficial owners are individual person(s) who are extremely wealthy and may reasonably be regarded as sophisticated investors and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family.

g) A holding company or similar entity, whether Luxembourg based or not, which as a result of its structure and activity has a true substance and holds important financial interests / investments.

The above principles are subject to further interpretation or amendments from time to time.

**Investment Manager**

The Management Company has delegated portfolio management and advisory functions in relation to the Sub-Funds to one or more of the

Investment Managers listed in the Management and Administration section below.

<b>JPMorgan Chase &amp; Co.</b>	The Management Company's ultimate parent company, whose principal office is located at 383 Madison Avenue, New York, N.Y. 10179, USA, and that company's direct and indirect subsidiaries and affiliates worldwide.
<b>Management Company</b>	Alternative investment fund manager within the meaning of the AIFMD, which is JPMorgan Asset Management (Europe) S.à r.l. The Management Company has been designated by the Board of Directors to provide investment management, administration and marketing functions to the Fund, with the possibility to delegate certain functions to third parties.
<b>NAV Hedge</b>	A hedging method whereby the Reference Currency of the Sub-Fund is systematically hedged to the Reference Currency of the Hedged Share Classes.
<b>Net Asset Value</b>	In relation to any Share of any Share Class the value per Share or, as the context requires, in relation to any Sub-Fund or Share Class, the total net assets of the Fund attributable to such Sub-Fund or Share Class, in both cases determined in accordance with the relevant provisions described under the heading "Determination of the Net Asset Value of Shares".
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Operating and Administrative Expenses</b>	All ordinary operating and administrative expenses borne by the Fund as further detailed in section "6.4 Operating and Administrative Expenses".
<b>Other Well-Informed Investor(s)</b>	An investor who (i) adheres in writing to the status of well-informed investors and (ii) (a) invests a minimum of Euro 125,000 in the Fund or (b) has been the subject of an assessment made by a credit institution within the meaning of Directive 2006/48/EC or an investment firm within the meaning of Directive 2004/39/EC or a management company within the meaning of Directive 2009/65/EC certifying his expertise, his experience and his knowledge in adequately appraising an investment in the Fund.
<b>Performance Fee</b>	An annual performance-based incentive fee paid to the Management Company which may be applicable for a specific Sub-Fund or Share Class as further disclosed in "Appendix II – Sub-Fund Details".
<b>Portfolio Hedge</b>	A hedging method whereby the currency exposures of the Sub-Fund's portfolio holdings attributable to the currency Hedged Share Classes are systematically hedged back to the Reference Currency of the Hedged Share Class, unless for specific currencies it is impractical or not cost effective to apply such hedging.
<b>PRC</b>	The People's Republic of China and for the purpose herein, excluding Hong Kong, Macau and Taiwan.
<b>Privacy Policy</b>	The Privacy Policy issued by J.P. Morgan Asset Management on behalf of itself, its subsidiaries and its affiliates which is available at <a href="http://www.jpmorgan.com/emea-privacy-policy">www.jpmorgan.com/emea-privacy-policy</a> .
<b>Redemption of Shares</b>	Subject to the restrictions specified herein, Shareholders may request redemption of their Shares as of each Dealing Day at a price equal to the Net Asset Value per Share of the Share Class concerned, determined as of the applicable Dealing Day, less any applicable redemption charge. Further information relating to the restrictions and to any applicable redemption charge is specified in the relevant section of "Appendix II – Sub-Fund Details".

<b>Reference Currency</b>	The Reference Currency of the Fund is the Euro but specific Sub-Funds and/or Share Classes may have a Reference Currency other than the Euro. The Reference Currency does not necessarily correspond to the currency in which the Sub-Funds' assets are invested at any point in time. Individual Share Classes may have different currency denominations which denote the currency in which the Net Asset Value per Share is expressed. These differ from Hedged Share Classes which are described above.
<b>Reverse Repurchase Transactions</b>	The purchase of securities and the simultaneous commitment to sell such securities back at an agreed upon price on an agreed upon date.
<b>RMB</b>	Renminbi, the official currency of the PRC; is used to denote the Chinese currency traded in the onshore (CNY) renminbi and the offshore (CNH) renminbi markets (primarily in Hong Kong). For clarity purposes, all the references to RMB in the name of a Share Class should be understood to refer to offshore renminbi (CNH).
<b>Securities Lending</b>	A transaction by which a lender transfers securities subject to a commitment that a borrower will return equivalent securities on a future date or when requested to do so by a lender.
<b>SFTR</b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as such may be amended, supplemented or replaced from time to time.
<b>Shareholder</b>	A holder of Shares.
<b>Shares</b>	Shares of each Sub-Fund are issued in registered form only. All Shares must be fully paid for. Fractional Shares may be issued in fractions up to three decimal places. Shares will be issued and confirmed by means of a contract note despatched to the Shareholder, following the issue of the Shares. No share certificates will be issued.
<b>SICAV</b>	An investment company with variable capital or " <i>Société d'Investissement à Capital Variable</i> ".
<b>Sub-Funds</b>	The Fund is an umbrella fund that may have multiple sub-funds (herein referred to as a "Sub-Fund" or "Sub-Funds", as appropriate), which are distinguished mainly by their specific investment policy. The specifications of each Sub-Fund are described in the relevant section of "Appendix II – Sub-Fund Details" to this Prospectus. The Board of Directors may at any time decide to create additional Sub-Funds, in which case this Prospectus will be updated by adding relevant sections to "Appendix II – Sub-Fund Details".
<b>Subscription of Shares</b>	Subject to the restrictions specified herein, Subscriptions may be requested as of each Dealing Day at a price equal to the Net Asset Value per Share of the Share Class concerned, determined as of the applicable Dealing Day, plus any applicable initial charge. Further information relating to the restrictions and to any applicable initial charge, is specified in the relevant section of "Appendix II – Sub-Fund Details".
<b>Supplementary Information on the Risk Management Process</b>	Information regarding the risk management process and liquidity management employed by the Management Company which is available upon request from the registered office of the Management Company.
<b>Total Return Swap</b>	A derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from

price movements, and credit losses, of a reference obligation to another counterparty.

<b>Transaction Fees</b>	The costs and expenses of buying and selling portfolio securities and financial instruments, brokerage fees and commissions, interest or taxes payable, and other transaction-related expenses and more generally any fees associated with investment activities (including un consummated transactions) borne by each Sub-Fund.
<b>Transfer of Shares</b>	<p>The Shares are freely transferable except any transfer by a Shareholder to a prospective transferee (i) who is not an Eligible Investor, (ii) who is a US Person (iii) who does not comply with any eligibility requirements referred to under "Minimum Subscription and Holding Amounts, Share Classes and Eligibility for Shares" or (iv) who is not approved by the Management Company acting with complete discretion.</p> <p>The Shares will be transferred "de jure" to the legal successor(s) of the Shareholders provided that they qualify as Eligible.</p>
<b>UCI</b>	Undertakings for collective investments
<b>UCITS</b>	An Undertaking for <b>C</b> ollective Investment in <b>T</b> ransferable <b>S</b> ecurities governed by the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.
<b>UK</b>	United Kingdom.
<b>US</b>	United States.
<b>USD</b>	United States Dollars.
<b>Valuation Day</b>	Unless otherwise specified for a Sub-Fund in the relevant section of "Appendix II – Sub-Fund Details", every Business Day as of which the Net Asset Value per Share is determined. However, a Business Day will not be a Valuation Day in relation to a Sub-Fund's investments, on a day on which any exchange or market on which a substantial portion of the relevant Sub-Fund's investments is traded, is closed. When dealings on any such exchange or market are restricted or suspended, the Management Company may, in consideration of prevailing market conditions or other relevant factors, determine whether a Business Day shall be a Valuation Day or non-valuation day.
<b>X-Share Investors</b>	X-Share Investors are Institutional Investors (i) who are clients of the Management Company or JPMorgan Chase & Co. and who meet the minimum account maintenance or qualification requirements established from time to time for JPMorgan Chase & Co. client accounts or (ii) whose Class X Shares will be held in a JPMorgan Chase & Co. client account subject to separate advisory fees payable to the Investment Manager or any of its affiliated companies.
<b>2007 Law</b>	The Luxembourg Law of 13 February 2007 relating to specialised investment funds, as amended from time to time.

**All references herein to time are to Central European time (CET) unless otherwise indicated.**

**Words importing the singular shall, where the context permits, include the plural and vice versa.**

## **GIM SPECIALIST INVESTMENT FUNDS**

Société d'investissement à Capital Variable - Specialised Investment Fund

Registered office:

6, route de Trèves, L-2633 Senningerberg,  
Grand Duchy of Luxembourg  
R.C.S. Luxembourg N° B 158266

### **Board of Directors**

#### **Chairman**

Iain O.S. Saunders, Banker, Duine, Ardfarn, Argyll PA31 8QN, United Kingdom.

#### **Directors**

Susanne van Dootingh, Independent Director, Nekkedelle 6, 3090 Overijse, Belgium.

Jacques Elvinger, Partner, Elvinger Hoss Prussen, société anonyme, 2, Place Winston Churchill, B.P. 425, L-2014 Luxembourg, Grand Duchy of Luxembourg.

John Li How Cheong, Fellow Chartered Accountant, The Directors' Office, 19 rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg.

Peter Thomas Schwicht, Independent Director, Humboldtstr 17, D-60318 Frankfurt, Germany.

Daniel J. Watkins, Managing Director, JP Morgan Asset Management (Asia Pacific) Limited, Level 21, Chater House, 8 Connaught Road, Central, 99077 Hong Kong.

Massimo Greco, Managing Director, JPMorgan Asset Management (UK) Limited, 60 Victoria Embankment, London, EC4Y 0JP, United Kingdom.

Martin Porter, Independent Director, Thornhill, Hammerwood Road, Ashurst Wood, Sussex, RH19 3SL, United Kingdom.

### **Management and Administration**

#### **Management Company and Domiciliary Agent**

JPMorgan Asset Management (Europe) S.à r.l., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

#### **Investment Managers**

JPMorgan Asset Management (UK) Limited, its principal place of business being 60 Victoria Embankment, London EC4Y 0JP, United Kingdom (authorised and regulated by the Financial Conduct Authority (FCA));

J. P. Morgan Investment Management Inc., 383 Madison Avenue, New York, NY 10179, United States of America;

or any member of JPMorgan Chase & Co. that the Management Company may appoint as investment adviser and/or manager to a specific Sub-Fund from time to time.

#### **Depository**

Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg

#### **Administrative Agent**

Brown Brothers Harriman (Luxembourg) S.C.A., 80 route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg.

**Auditors**

PricewaterhouseCoopers, Société Coopérative, 2, rue Gerhard Mercator, BP 1443 L-1014 Luxembourg, Grand Duchy of Luxembourg

**Luxembourg Legal Advisers**

Elvinger Hoss Prussen, société anonyme, 2, Place Winston Churchill, B.P. 425, L-2014 Luxembourg, Grand Duchy of Luxembourg

## **Investment Policies**

### **1. Investment Objective and Policies**

**Use of the strategies and instruments described in this section involves certain risks and there can be no assurance that the objective sought to be obtained from the use of such strategies or instruments will be achieved. See "Appendix III – Risk Factors".**

#### **1.1 Specific Investment Policy for each Sub-Fund**

The Board of Directors has determined the investment policy and objective of each of the Sub-Funds as described in "Appendix II – Sub-Fund Details" to this Prospectus. There can be no assurance that the investment objective for any Sub-Fund will be attained. Pursuit of the investment policy and objective of any Sub-Fund must be in compliance with the limits and restrictions set out in "Appendix I - Investment Restrictions and Powers".

#### **1.2 Changes to the Investment Objective and Policies for each Sub-Fund**

Any material change to the investment objective and/or the investment policy of a Sub-Fund shall be reflected in this Prospectus upon prior approval of the Board of Directors and the CSSF and shall be notified to Shareholders in accordance with applicable Luxembourg regulatory requirements.

### **2. The Shares**

Shares are, in accordance with the requirements of the 2007 Law, exclusively restricted to investors who qualify as Eligible Investors, subject to further marketing and selling restrictions set out in AIFMD.

In addition, the Management Company, in its discretion, may restrict or prevent the ownership of the Shares as more fully described under "2.2 Subscription for Shares" below.

The Management Company may decide to create within each Sub-Fund different Share Classes whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but which may have any combination of the following features:

- Each Sub-Fund may contain A, C, I, and X Share Classes, which may differ in the minimum subscription amount, minimum holding amount, eligibility requirements, and the fees and expenses applicable to them as listed for each Sub-Fund. In addition each Share Class may be branded with a prefix, as described in "Appendix II – Sub-Fund Details".
- Each Share Class, where available, may be offered in the Reference Currency of the relevant Sub-Fund, or may be denominated in any currency, and such currency denomination will be represented as a suffix to the Share Class name.
- Each Share Class may be:
  - unhedged,
  - currency hedged,Those Share Classes that are hedged will be identified as below (see section "2.4 Currency denomination of Share Classes and Hedging Policy").
- Each Share Class, where available, may also have different dividend policies as described under section "4 Dividend Policy": "(acc)" and "(div)", suffixed Share Classes may be available.
- The attention of Shareholders is drawn to the fact that the Net Asset Value of a Share Class denominated in one currency may vary unfavourably in respect of another Share Class denominated in another currency due to hedging transactions.

Information about available Share Classes may be obtained from the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives), registered office of the Fund or the Management Company in Luxembourg.

## Currency Hedged Share Classes

There are two methods used for Share Class currency hedging:

- **NAV Hedge.** This type of hedging seeks to minimise the effect of exchange rate fluctuations between the Reference Currency of the Sub-Fund and that of the currency Hedged Share Class. It is typically used when most portfolio holdings are either denominated in, or hedged back to, the Reference Currency of the Sub-Fund. Where such hedging is undertaken, the Reference Currency of the Sub-Fund is systematically hedged to the Reference Currency of the currency Hedged Share Classes. In these NAV Hedged Share Classes, the Shareholder receives an excess return or loss similar to that of Shares issued in the Reference Currency of the Sub-Fund.
- **Portfolio Hedge.** This type of hedging seeks to minimise the effect of exchange rate fluctuations between the currency exposures of portfolio holdings and the Reference Currency of the currency Hedged Share Class. It is typically used when most portfolio holdings are neither denominated in, nor hedged back to, the Reference Currency of the Sub-Fund. Where such hedging is undertaken, the currency exposures of the assets of the Sub-Fund are systematically hedged back to the Reference Currency of the currency Hedged Share Class in proportion to the currency Hedged Share Classes share of the net asset value of the Sub-Fund, unless for specific currencies it is impractical or not cost effective to apply the Portfolio Hedge. In these Portfolio Hedged Share Classes, the Shareholder will not benefit from or suffer loss caused by exchange rate fluctuations between the currencies of the portfolio holdings being hedged and the Reference Currency of the Share Class whereas Shares in the Reference Currency of the Sub-Fund will.

### 2.1 Share Classes and Eligibility for Shares

The sale of Shares is restricted to Eligible Investors.

Shares of A Share Classes are available to any Eligible Investors.

Shares of C Share Classes are available to any Eligible Investors.

Shares of I Share Classes may only be acquired by Institutional Investors.

Shares of X Share Classes may only be acquired by Eligible Investors who are X-Share Investors. The Shares of X Share Classes are designed to accommodate an alternative charging structure whereby an annual management and advisory fee normally charged to the Fund and then passed on in the share price is instead administratively levied and collected by the Management Company through the relevant JPMorgan Chase & Co. entity directly from the Shareholder. Any applicable Performance Fee will be reflected within the Net Asset Value per Share of X Share Classes.

The sale of specific Share Classes may also be restricted at the Management Company's discretion to specific third parties, such as advisors or distributors. Where the selling of these Share Classes is restricted to the specific third party details of these Share Classes this will be specified in "Appendix II – Sub-Fund Details".

**The Management Company will not issue or give effect to any Transfer of Shares of such Share Classes to any investor who is not considered as an Eligible Investor, as an Institutional Investor or as an X-Share Investor, as appropriate. The Management Company may, at its discretion, delay the acceptance of any subscription for Shares until such date as it has received sufficient evidence on the qualification of the investor as an Eligible Investor, as an Institutional Investor or as an X-Share Investor, as appropriate. If it appears at any time that a holder of Shares is not an Eligible Investor or is a US Person, the Management Company will compulsorily redeem the relevant Shares in accordance with the provisions under "Redemption of Shares" below. If it appears at any time that a holder of Shares in an I Share Class is not an Institutional Investor, the Management Company will either redeem the relevant Shares in accordance with the provisions under "Redemption of Shares" below, or convert such Shares into Shares of a Share Class which is not**



restricted to Institutional Investors (provided there exists such a Share Class with similar characteristics but for the avoidance of doubt, not necessarily in terms of fees and expenses payable by such Class) and notify the relevant Shareholder of such conversion. If it appears that a holder of Shares in an X Share Class is not an X-Share Investor, the Management Company will either redeem the relevant Shares in accordance with the provisions under "Redemptions of Shares" below or convert such Shares into Shares of a Share Class which is not restricted to X-Share Investors (provided there exists such a Share Class with similar characteristics but for the avoidance of doubt, not necessarily in terms of fees and expenses payable by such Class) and notify the relevant Shareholder of such conversion.

## **2.2 Subscription for Shares**

### ***Applications for Subscription***

Subscriptions for Shares in each Sub-Fund can be made on any Dealing Day subject to any prior notice requirements specified in "Appendix II – Sub-Fund Details". All new investors must complete, sign and return an Application Form, following the instructions included therewith. Applications for Shares should be sent to the Management Company at the address provided under "Management and Administration" at the front of this Prospectus.

### ***Subscription Price***

Shares of each Share Class shall be issued at a subscription price equivalent to the Net Asset Value per Share of such Share Class, as the case may be following any applicable Swing Price adjustment, on the Dealing Day that the application has been accepted, plus any applicable initial charge or fee provided for in "Appendix II – Sub-Fund Details". The Management Company is entitled to the initial charge, if any, and any rounding adjustments and the Management Company may from time to time and at its sole discretion pay all or part of this initial charge or any other charges it receives as a commission, retrocession or discount to some or all investors, financial intermediaries or Distributors on the basis of their size, nature, timing or commitment of their investment.

### ***Payment of Subscription Price***

If, on the Settlement Date (as defined hereinafter) banks are not open for business, or an interbank settlement system is not operational, in the country of the currency of the relevant Share Class, then settlement will be on the next Business Day on which those banks or settlement systems are open or operational. Payment for Shares must be received by the Management Company in the Reference Currency of the relevant Share Class no later than the date specified in "Appendix II – Sub-Fund Details" for each Sub-Fund (the "Settlement Date"). Payment by cheque will not normally be accepted.

Failure to make settlement with good value will result in the Shares being cancelled through redemption of the Shares at the cost of the investor at any point in time after the Settlement Date without prior notice to the investor. Similarly, if prior to the Settlement Date, the Fund or the Management Company become aware of an event affecting the investor that, in the reasonable opinion of the Fund or the Management Company, is likely to result in a situation where the investor will not be in a position to or willing to pay the subscription price by the Settlement Date, the Fund or the Management Company may immediately cancel the Shares through redemption. Any shortfall between the subscription price and the redemption proceeds will be required to be paid by the investor upon demand in writing to compensate for the losses suffered by the Fund. The Fund or the Management Company may also enforce the Fund's rights under the pledge, at any time and at its absolute discretion, bring an action against the investor or deduct any costs or losses incurred by the Fund or the Management Company from any existing holding of the investor in the Fund. In the case the redemption proceeds exceed the subscription price and the aforesaid costs, then the difference will be retained by the Fund and if the redemption proceeds and any amounts effectively recovered from the investor are less than the subscription price, the difference will be borne by the Fund.

### ***Subscription in kind***

The Management Company may from time to time accept subscriptions for Shares against contributions in kind of securities or other assets that may be acquired by the relevant Sub-Fund pursuant to its investment policy and restrictions. Any such contribution in kind will be valued in a report drawn up by the auditors of the Fund and in accordance with the requirements of Luxembourg law. Any supplemental costs associated with contributions in kind will not be borne by the Fund.

**Acceptance of Subscriptions**

The Management Company reserves the right to accept or refuse any application in whole or in part and no reason need be given for non-acceptance. In particular, the Management Company will, in principle, not accept any subscription from or for the benefit of or holding by a "US Person" being defined as:

- any individual person in the United States;
- any partnership, trust or corporation organised or incorporated under the laws of the United States;
- any agency or branch of a non-US entity located in the United States;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States.

A US Person would also include:

- any estate of which any executor or administrator is a US Person;
- any trust of which any trustee is a US Person;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- any partnership of which any partner is a US Person.

In addition, the Management Company will, in principle, not accept any direct subscription from or direct holding by any individual who is a US citizen or a US tax resident or any non-US partnership, non-US trust or similar tax transparent non-US entity that has any partner, beneficiary or owner that is a US Person, US citizen or US tax resident.

Should a Shareholder become a (i) US Person, (ii) US citizen, (iii) US tax resident or (iv) specified US person for purposes of the US Foreign Account Tax Compliance Act (FATCA), he may be subject to US withholding taxes and tax reporting to any relevant tax authority, including the US Internal Revenue Service and he is required to notify the Management Company immediately.

Shares may not be acquired or owned by, or acquired with assets of, (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986; and/or (iii) a person or entity the underlying assets of which include the assets of any employee benefit plan or plan by reason of Department of Labour Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA. The Management Company reserves the right to request a written representation from investors stating their compliance with the above restrictions prior to accepting subscription orders.

The Management Company may also limit the distribution or placement of Shares of a given Share Class or Sub-Fund to specific countries and persons.

Shares are normally issued upon acceptance of the subscription. This issuance is subject to the condition that cleared funds are received as payment for the Shares from the investor. This payment is required by the Settlement Date. The Settlement Date is the relevant day specified for the Sub-Fund concerned under the section "Payment of Subscription Price" in "Appendix II – Sub-Fund Details".

Until such time as the payment for the Shares is received from the investor, the Shares are pledged for the benefit of the Fund.

The transfer or switching of the Shares is not permitted and voting rights and entitlements to dividend payments are suspended until payment for the Shares is received from the investor.

Confirmation of completed subscriptions will be mailed at the risk of the investor, to the address indicated in his Application Form within 10 Business Days following the issue of the Shares.

**Suspension of Subscriptions**

The subscription of Shares of a given Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Share Class is suspended by the Fund (see "General Information - Temporary Suspension of Issues, Redemptions and Conversions").

### ***Anti-Money Laundering Provisions***

The Luxembourg law of 19 February 1973 (as amended), the law of 5 April 1993 (as amended), the law of 12 November 2004 (as amended), the Law of 27 October 2010 and associated Grand Ducal and Ministerial Regulations and circulars of the Luxembourg supervisory authority outline obligations to prevent the use of undertakings for collective investment, such as the Fund, for money laundering purposes. Within this context the Management Company has a procedure in place for the identification of investors which inter alia requires that the Application Form of an investor must be accompanied by such documents set out in the current version of the Application Form.

Such information provided to the Management Company will be held and used in accordance with Luxembourg privacy laws. In all cases the Management Company reserves the right to request additional information and documentation including translations, certifications and updated versions of such documents to satisfy itself that the identification requirements under Luxembourg law have been fulfilled.

## **2.3 Minimum Subscription and Holding Amounts**

### ***Minimum Subscription and Holding Amounts***

The minimum subscription amount and minimum holding amounts for each Share Class of each Sub-Fund are specified in "Appendix II – Sub-Fund Details".

The Management Company has discretion, from time to time, to waive or reduce any minimum subscription or holding amounts, except in the case of Other Well-Informed Investors where the minimum subscriptions may not be reduced to below Euro 125,000 or its equivalent in the Reference Currency of the relevant Share Class. The relevant minimum subscription or holding amounts shall not apply where the Shares are subscribed for by companies in the JPMorgan Chase & Co. group.

**The Management Company may, at any time, decide to compulsorily redeem all Shares of a specific Share Class from Shareholders whose holding is less than the minimum subscription or holding amount specified in "Appendix II – Sub-Fund Details" or who fail to satisfy any applicable eligibility requirements set out below. Except as otherwise provided herein (see "The Shares – Redemption of Shares – Compulsory Redemption"), the Shareholder concerned will receive one month's prior notice so as to be able to increase his holding above such amount or otherwise satisfy the eligibility requirements.**

## **2.4 Currency denomination of Share Classes and Hedging Policy**

Each Share Class, where available, may be offered in the Reference Currency of the relevant Sub-Fund, or may be denominated in any currency, and such currency denomination will be represented as a suffix to the Share Class name. Where a Share Class is not denominated in the Reference Currency of the relevant Sub-Fund, it may be either hedged (see definition of "Hedged Share Class" in "Principal Features and Glossary") or unhedged. Those Share Classes that are hedged will be identified with the suffix "(hedged)". The attention of Shareholders is drawn to the fact that the Net Asset Value of a Share Class denominated in one currency may vary unfavourably in respect of another Share Class denominated in another currency due to hedging transactions.

## **2.5 Listing of Shares**

Once the Directors have decided, in principle to list the Shares of any Sub-Fund, the Management Company has the discretion to list any Share Class of this Sub-Fund on the Luxembourg Stock Exchange. Full details on the listing of each Share Class may be obtained at any time at the registered office of the Management Company upon request.

## **2.6 Conversion of Shares**

To the extent described in and permitted by "Appendix II - Sub-Fund Details" for certain Sub-Funds, and subject to any suspension of the determination of the Net Asset Values concerned, Shareholders may convert all or part of their Shares of any Share Class of a Sub-Fund into Shares of another existing Share Class of that or another Sub-Fund subject to the consent of the Management Company. The Management Company may withhold its consent at its sole discretion. Requests for conversion should

be made and shall be effected in the same manner (including as to deadlines for acceptance) as for subscription and redemption of Shares. The ability to convert Shares is also subject to compliance with any condition (including any minimum subscription amounts and eligibility requirements) applicable to the Share Class into which the conversion is to be effected. Therefore if, as a result of a conversion, the value of a Shareholder's holding in the new Share Class or the original Share Class would be less than the minimum subscription amount specified above, the Management Company may deem the relevant Shareholder to have requested the conversion of all of his Shares.

The number of Shares issued upon conversion will be based upon the Net Asset Values of the two Share Classes concerned on the common Dealing Day for which the conversion request is accepted. If there is no common Dealing Day for the two Share Classes for which such Net Asset Value is determined, the conversion will be made on the basis of the Net Asset Value calculated for the next common Dealing Day for each of the two Share Classes concerned, subject to meeting the subscription or redemption prior notice period of each Share Class.

The Management Company may apply a conversion charge not exceeding 1.5% of the Net Asset Value per Share of the Shares to be converted, to be applied for the benefit of the Share Classes or Sub-Funds between which conversion is effected as appropriate to cover the costs of transactions arising from the conversion. The same conversion charge will apply to all conversion requests which will be dealt with for the same Dealing Day.

## **2.7 Redemption of Shares**

### ***Applications for Redemptions***

Any Shareholder may present his Shares for redemption in part or in whole on any Dealing Day as defined for each Sub-Fund by sending a redemption request to the Management Company subject to any prior notice requirements specified in "Appendix II - Sub-Fund Details".

If, as a result of a redemption, the value of a Shareholder's holding would become less than the minimum subscription amount specified in "Appendix II - Sub-Fund Details", that Shareholder may be deemed (at the discretion of the Management Company) to have requested redemption of all of his Shares.

### ***Redemption Price***

Shares of each Share Class shall be redeemed at a redemption price equivalent to the Net Asset Value per Share of such Share Class, as the case may be following any applicable Swing Price adjustment, less any applicable redemption charge provided for in "Appendix II - Sub-Fund Details".

Redemptions shall be based on the Net Asset Value per Share of the relevant Share Class determined in respect of the Dealing Day that the request for a redemption has been accepted, less any applicable redemption charge provided for in "Appendix II - Sub-Fund Details". Redeemed Shares will become null and void.

Any applicable redemption charge may be waived in whole or in part at the discretion of the Management Company in certain extraordinary circumstances such as the death or incapacity of a Shareholder (or such Shareholder's beneficial owner) who is a natural person. The redemption charge (if any) and any rounding adjustment will be applied for the benefit of the Management Company unless otherwise specified in "Appendix II – Sub-fund Details".

Redemption applications will, at the discretion of the Management Company, only be executed where the subscription proceeds for the relevant Shares have been received by the Fund.

### ***Redemption in Kind***

The Management Company may request that a Shareholder accepts a redemption in kind (i.e. receives a portfolio of securities from the Sub-Fund equivalent in value to the redemption proceeds). The Shareholder is free to refuse the redemption in kind. Where the Shareholder agrees to accept a redemption in kind he will receive a selection of the Sub-Fund's holdings having due regard to the principle of equal treatment to all Shareholders. The Management Company may also, at its sole discretion and to the extent disclosed in "Appendix II - Sub-Fund Details", accept redemption in kind requests from Shareholders.

The value of the redemption in kind will be certified by an auditor's report, to the extent required by the Luxembourg law. All supplemental costs associated with redemptions in kind will be borne by the Shareholder requesting the redemption in kind or such other party as agreed by the Management Company but will not be borne by the Fund unless the Board of Directors considers that the redemption in kind is in the interest of the Fund or made to protect the interests of the Fund.

#### ***Authentication Procedures***

The Management Company may at its option carry out any authentication procedures that it considers appropriate to verify, confirm or clarify Shareholder payment instructions relating to a redemption application. This aims to mitigate the risk of error and fraud for the Fund, its agents or Shareholders. Where it has not been possible to complete any authentication procedures to its satisfaction, the Management Company may delay the processing of payment instructions to a date later than the envisaged payment date for redemptions specified in "Appendix II - Sub-Fund Details", until authentication procedures have been satisfied. This shall not affect the Dealing Day that the redemption application is accepted and shall not affect the fact that the Net Asset Value per Share for any redemption shall be determined as at the Dealing Day on which the redemption application is accepted.

If the Management Company is not satisfied with any verification or confirmation, it may decline to execute the relevant redemption instruction until satisfaction is obtained. Neither the Management Company, the Administrative Agent, nor the Fund shall be held responsible to the Shareholder or anyone else if it delays execution or declines to execute redemption instructions in these circumstances.

#### ***Payment of Redemption Price***

Redemption payments will be made in the Reference Currency of the relevant Share Class and the Depositary will issue payment instructions therefore to its correspondent bank for payment on the date and by the time specified by the Management Company in relation to that Sub-Fund, but in any case not later than the date specified in "Appendix II - Sub-Fund Details".

If, in exceptional circumstances, redemption proceeds cannot be paid within the period specified in "Appendix II – Sub-Fund Details", payment will be made as soon as reasonably practicable thereafter at the redemption price calculated on the relevant Valuation Day.

In all cases any money returnable to the investor will be held by the Management Company without payment of interest pending receipt of the remittance.

#### ***Large Redemptions and Restriction on Redemptions***

If requests for the redemption of more than 10% of the Net Asset Value of any Sub-Fund are received on any Dealing Day, the Management Company may at its discretion reject redemption requests in excess of 10% on a pro-rata basis. Any Shareholder that has presented a redemption request, a percentage of which is rejected, will be notified of such rejection as soon as practicable.

#### ***Compulsory Redemptions***

The Board of Directors or the Management Company may, at its sole discretion and in accordance with the provisions of the Articles, proceed with the compulsory redemption of the Shares held by a Shareholder if in the judgment of the Board of Directors or of the Management Company such holding might result (i) in a breach of any (a) applicable Luxembourg laws and regulations or other laws and regulations, (b) requirement of any country or (c) requirement of any governmental authority, (ii) in the Fund (including its Shareholders) or any of its delegates incurring any liability to taxation or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) which the Fund (including its Shareholders) or its delegates might not otherwise have incurred or suffered or otherwise be detrimental to the interests of the Fund (including its Shareholders), or (iii) in that Shareholder to exceed any limit to which his shareholding is subject. Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a Shareholder, the Board of Directors or the Management Company may compulsorily redeem all Shares so held in accordance with the provisions of the Articles.

The Board of Directors or the Management Company may in particular decide, in accordance with the provisions of the Articles, to proceed with the compulsory redemption of Shares held by a person who is (i) a US Person, or held directly by a person who is (ii) a US citizen, (iii) a US tax resident, or (iv) a

non-US partnership, non-US trust or similar tax transparent non-US entity that has any partner, beneficiary or owner that is a US Person, US citizen or US tax resident.

The Board of Directors or the Management Company will require that intermediaries compulsorily redeem Shares held by a US Person.

Shareholders are required to notify the Management Company immediately in the event that they are or become (i) US Persons, (ii) US citizens, (iii) US tax residents or (iv) specified US persons for purposes of FATCA or if their holding may result (i) in a breach of any (a) Luxembourg laws and regulation or other laws and regulations, (b) requirement of any country or (c) requirement of any governmental authority, (ii) the Fund (including its shareholders) or any of its delegates, incurring any liability to taxation or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) which the Fund (including its Shareholders) or its delegates might not otherwise have incurred or suffered or otherwise be detrimental to the interests of the Fund (including its Shareholders), or (iii) in that Shareholder exceeding any limit exceeding which his shareholding is subject.

More generally, the Management Company may, at any time, decide to compulsorily redeem all Shares from Shareholders who are not Eligible Investors, whose holding is less than the minimum holding amount specified or who fail to satisfy any other applicable eligibility requirements (see "Minimum Subscription and Holding Amounts, Share Classes and Eligibility for Shares") stated herein or in "Appendix II - Sub-Fund Details". Except as otherwise provided herein, in the case of such compulsory redemption, the Shareholder concerned will receive one month's prior notice so as to be able to increase his holding above such amount or otherwise satisfy the eligibility requirements.

#### ***Suspension of Redemptions***

Redemption of Shares of a given Sub-Fund shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund is suspended by the Fund (see "General Information - Temporary Suspension of Issues, Redemptions and Conversions").

#### ***Revocability of Redemption Requests***

A Shareholder may not withdraw his request for redemption of Shares of any one Share Class except (i) with the consent of the Management Company or (ii) in the event of a suspension of the determination of the Net Asset Value of the Share Class and, in such event, a withdrawal will be effective only if written notification is received by the Fund before the termination of the period of suspension. If the request is not withdrawn, the Fund shall proceed to redeem on the first applicable Dealing Day following the end of the suspension of the determination of the Net Asset Value of the Shares of the relevant Sub-Fund.

From time to time it may be necessary for the Fund to borrow to fund redemptions. For restrictions applicable to the Fund's ability to borrow, see "Appendix I - Investment Restrictions and Powers".

## **2.8 Transfer of Shares**

The transfer of Shares may normally be effected by delivery to the Management Company of an instrument of transfer in appropriate form. On receipt of the transfer request, the Management Company may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stock broker or public notary. Any transferee must be an Eligible Investor, a non-US Person, a non-US citizen, a non-US tax resident, an Institutional Investor in case of Shares in I Share Classes and an X-Share Investor in case of Shares in X Share Classes and must complete an Application Form in a form satisfactory to the Management Company. The Management Company reserves the right to accept or refuse any application for transfer in whole or in part and no reason need be given for non-acceptance.

The Shares will be transferred "de jure" to the legal successor(s) of the Shareholders provided that they qualify as Eligible Investor(s) and that the Management Company has received sufficient evidence on their status of successor(s). If the Management Company does not receive adequate evidence on their qualification as Eligible Investor(s), the Management Company will compulsorily redeem the relevant Shares in accordance with the provisions under "Redemption Shares - Compulsory Redemptions".

Shareholders are advised to contact the Management Company prior to requesting a transfer to ensure that they have all the correct documentation for the transaction and that the conditions for a lawful transfer are satisfied.

### **3. General Information**

#### **3.1 Organisation**

The Fund is an open-ended investment company organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and qualifies as a *Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé* (SICAV-FIS) under the 2007 Law. The Fund was incorporated in Luxembourg on 14 January 2011 for an unlimited period. Its Articles were published in the "*Mémorial, Recueil des Sociétés et Associations*" in Luxembourg on 15 February 2011. The Articles have been amended on 14 July 2015 and 26 September 2017 and have been published in the "*Recueil Electronique des Sociétés et Associations*" (the "RESA").

#### **3.2 Applicable Law and Jurisdiction**

The Fund is incorporated under the laws of the Grand Duchy of Luxembourg.

By applying for Shares when submitting the Fund's Application Form, the relevant investor agrees to be bound by the terms and conditions of the Application Form, the Prospectus and the Articles. This contractual relationship is governed by Luxembourg laws. The Fund, the Management Company and Shareholders will be subject to the exclusive jurisdiction of the courts of Luxembourg to settle any dispute or claim arising out of or in connection with a Shareholder's investment in the Fund or any related matter.

According to Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, a judgement given and enforceable in an EU Member State shall in principle be recognised in the other EU Member States without any special procedure being required and shall generally be enforceable in the other EU Member States on the application of any interested party, save in certain circumstances.

#### **3.3 Meetings**

The annual meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the last Friday of the month of June of each year at 14.00 CET or, if any such day is not a Business Day in Luxembourg, on the next following Business Day. Notices of all general meetings will be published in the RESA to the extent required by Luxembourg law and in such other newspaper as the Board of Directors shall determine, and will be sent to the holders of Shares by post prior to the meeting at their addresses shown on the register of Shareholders to the extent required by Luxembourg law. Such notices shall include the agenda and applicable quorum and majority requirements. They will also refer to the rules of quorum and majorities required by Luxembourg law and laid down in Articles 450-1 and 450-3 of the Luxembourg law of 10 August 1915 on commercial companies (as amended) and in the Articles of the Fund.

Each whole Share confers the right to one vote. The vote on the payment of Dividends (if any) on a particular Sub-Fund or Share Class requires a separate majority vote from the meeting of Shareholders of the Sub-Fund or Share Class concerned. Any change in the Articles affecting the rights of a Sub-Fund or Share Class must be approved by a resolution of both the general meeting of the Fund and the Shareholders of the Sub-Fund or Share Class concerned.

#### **3.4 Notification policy**

Shareholders will be notified of any important information on the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives) and by any other means in accordance with applicable Luxembourg regulatory requirements.

In addition to the extent permitted by applicable laws and regulations, the Board of Directors and/or the Management Company may communicate any information to the Shareholders by email.

### **3.5 Risk Management Process and Liquidity Management**

The Management Company employs a risk management process which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which a Sub-Fund is or may be exposed and their contribution to the overall risk profile of the Sub-Fund and which includes the use of appropriate stress testing procedures.

The Management Company maintains a liquidity management process to monitor the liquidity risk of the Sub-Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Management Company to apply various tools and arrangements necessary to ensure that the portfolio of each Sub-Fund is sufficiently liquid to normally respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in section "2.7 Redemption of Shares".

Other arrangements may also be used in response to redemption requests, including the temporary suspension or deferral of such redemption requests in certain circumstances or use of similar arrangements which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out below under the section "3.8 Temporary Suspension of Issues, Redemptions and Conversions".

Further details regarding the risk management process and liquidity management can be found in the Supplementary Information on the Risk Management Process which is available upon request at the registered office of the Management Company.

### **3.6 Allocation of Assets and Liabilities among the Sub-Funds**

The assets and liabilities will be allocated among the Sub-Funds in the following manner:

- a) the proceeds from the issue of each Share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditures attributable thereto are applied to such pool subject to the provisions set forth hereafter;
- b) where any asset is derived from another asset, such derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
- c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
- d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the Net Asset Values of the relevant Sub-Funds; and
- e) upon the payment of Dividends, if any, to the holders of Shares in any Sub-Fund, the Net Asset Value of such Sub-Fund shall be reduced by the amount of such Dividends.

If there has been created within the same Sub-Fund one or more Share Class, the allocation rules set out above shall apply, as appropriate, to such Share Classes.

### **3.7 Determination of the Net Asset Value of Shares**

The Net Asset Value of the Shares of each Share Class will be determined in its Reference Currency, and will be determined in respect of each Valuation Day by dividing the net assets attributable to each Share Class by the number of Shares of such Share Class then outstanding. The net assets of each Share Class are made up of the value of the total assets attributable to such Share Class less the total liabilities attributable to such Share Class calculated at such time as the Management Company shall



have set for such purpose. The Net Asset Value per Share shall be rounded to the nearest two decimal places. The Net Asset Value per Share will normally be calculated and available no later than the date specified in "Appendix II - Sub-Fund Details" for each Sub-Fund.

The value of the assets of the Fund shall be determined as follows:

- a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after applying such discount as the Management Company may consider appropriate in such case to reflect the true value thereof;
- b) the value of securities and/or financial derivative instruments that are quoted or dealt in on any exchange shall be based on the latest available price or, if appropriate, on the average price on the exchange that is normally the principal market of such securities, and each security traded on any other regulated market shall be valued in a manner as similar as possible to that provided for quoted securities;
- c) for non-quoted securities or securities not traded or dealt in on any exchange or other regulated market, as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Management Company on the basis of foreseeable sales prices;
- d) financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in a reliable and verifiable manner in accordance with market practice;
- e) swaps are valued at their fair value based on the underlying securities (at close of business or intraday) as well as on the characteristics of the underlying commitments;
- f) shares or units in UCITS and other UCIs shall be valued at their last available net asset value as reported by such undertakings;
- g) liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner;
- h) all other securities and other assets will be valued at fair market value as determined in good faith.

Any specific valuation principle or derogation thereto for a specific Sub-Fund shall be disclosed in relevant section of "Appendix II - Sub-Fund Details".

The valuation function is performed independently from the portfolio management function. The Management Company, in circumstances where the interests of the Shareholders so justify, may take measures such as applying other appropriate valuation principles to certain or all of the assets of the Sub-Funds if the aforesaid valuation methods appear impossible or inappropriate. Alternatively, the Management Company may, in the same circumstances, adjust the Net Asset Value per Share of a Sub-Fund prior to publication to reflect what is believed to be the fair value of the portfolio as at the point of valuation. If an adjustment is made, it will be applied consistently to all Share Classes in the same Sub-Fund.

The value of assets denominated in a currency other than the Reference Currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the Net Asset Value.

The Management Company has implemented a procedure for the correction of Net Asset Value calculation errors. A material Net Asset Value calculation error will occur if the Net Asset Value calculation has resulted in an overstated or understated Net Asset Value per Share in excess of the following materiality thresholds:

- (a) For Sub-Funds investing in money market instruments and/or cash and cash equivalents, the materiality threshold is 0.25% of Net Asset Value;
- (b) For Sub-Funds investing in debt securities and/or similar debt instruments, the materiality threshold is 0.50% of Net Asset Value;
- (c) For Sub-Funds investing in equities and/or financial assets other than those referred to above, the materiality threshold is 1.00% of Net Asset Value; and
- (d) For Sub-Funds following a mixed or balanced investment policy, the materiality threshold is 0.50% of Net Asset Value.

The necessary corrective and compensatory actions will then be required to be effected by the Management Company.

The Net Asset Value per Share of each Share Class and the subscription and redemption prices thereof are available on the website [www.ipmorganassetmanagement.com/EUalternatives](http://www.ipmorganassetmanagement.com/EUalternatives).

### ***Swing Pricing Adjustment***

A Sub-Fund may suffer dilution of the Net Asset Value per Share due to investors buying or selling Shares in a Sub-Fund at a price that does not reflect the dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this impact, a swing pricing mechanism may be adopted to protect the interests of Shareholders of the Fund. If on any Valuation Day, the aggregate net transactions in Shares of a Sub-Fund exceed a pre-determined threshold, as determined and reviewed for each Sub-Fund on a periodic basis by the Management Company, the Net Asset Value per Share may be adjusted upwards or downwards to reflect net inflows and net outflows respectively. The net inflows and net outflows will be determined by the Management Company based on the latest available information at the time of calculation of the Net Asset Value per Share. The swing pricing mechanism may be applied across all Sub-Funds. The adjustments will seek to reflect the anticipated prices at which the Sub-Fund will be buying and selling assets, as well as estimated transaction costs. The extent of the price adjustment will be set by the Management Company to reflect dealing and other costs. Such adjustment may vary from Sub-Fund to Sub-Fund and under normal circumstances will not exceed 2% of the original Net Asset Value per Share. In exceptional market circumstances, however, this maximum level may be increased up to 5% to protect the interests of Shareholders.

The Management Company makes, and periodically reviews, the decisions about swing pricing, including the thresholds that trigger it, the extent of the adjustment in each case, and which Sub-Funds will and will not be subject to swing pricing at any given time. Swing pricing or other adjustments intended to mitigate the effects of transaction volumes or costs are not counted in performance fee calculations.

Similarly, in order to protect the interests of Shareholders in a Sub-Fund that is being merged, the Management Company may adjust the final Net Asset Value per Share of the merging Sub-Fund, or make other appropriate adjustments in order to neutralise for the Sub-Fund being merged, the impact of any pricing adjustment made through the swing pricing mechanism in the absorbing Sub-Fund as a result of cash inflows or outflows in the absorbing Sub-Fund on the merger date.

### **3.8 Temporary Suspension of Issues, Redemptions and Conversions**

The determination of the Net Asset Value per Share of one or more Share Classes may be suspended:

- a) during any period when any of the principal markets or exchanges on which a substantial portion of the investments of the Sub-Fund concerned is quoted or dealt in, is closed otherwise than for public holidays, or during which dealings therein are restricted or suspended; or

- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets of the Sub-Fund concerned would be impracticable; or
- c) during any breakdown in the means of communication or computation normally employed in determining the price or value of the assets of the Sub-Fund concerned or the current prices or values on any market or exchange; or
- d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange; or
- e) if the Fund or a Sub-Fund or a Share Class is being or may be wound-up on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind-up the Fund or the Sub-Fund or the Share Class is proposed; or
- f) if the Board of Directors has determined that there has been a material change in the valuation of a substantial proportion of the investments of the Fund attributable to a particular Sub-Fund and the Board of Directors has determined, in order to safeguard the interest of the Shareholders and the Fund to delay the preparation or use of a valuation or carry out a later or subsequent valuation; or
- g) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Sub-Fund has invested a substantial portion of assets; or
- h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or
- i) during any other circumstance or circumstances where a failure to do so might result in the Fund or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the Fund or its Shareholders might not otherwise have suffered.

The Board of Directors has the power to suspend the issue, redemption and conversion of Shares in one or more Share Classes for any period during which the determination of the Net Asset Value per Share of the Sub-Fund(s) concerned is suspended by the Fund by virtue of the powers described above. Any redemption/conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed/converted on the first Dealing Day following the termination of the suspension period. In the event of such period being extended, notice shall be published in newspapers in the countries where the Shares are sold to the extent it is mandated by and in accordance with applicable laws. Investors who have requested the issue, redemption or conversion of Shares shall be informed of such suspension when such request is made.

In addition to the circumstances above in which the Board of Directors may decide to suspend the Net Asset Value per Shares and as stated in "Large Redemption and Restriction on Redemption" above, the Management Company, at its discretion, may decide to reject redemption requests for any Dealing Day exceeding a certain threshold determined by the Board of Directors for each Sub-Fund and in accordance with the provisions provided for in "Appendix II - Sub-Fund Details".

### **3.9 Liquidation of the Fund**

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting must be convened, in accordance with the provisions of the applicable laws, if the net assets of the Fund become less than two thirds of the minimum capital required by the 2007 Law (as at the date of this prospectus, EUR 1,250,000).

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the Luxembourg law, which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and in this connection provides for deposit in escrow at the *Caisse de*

*Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of liquidation in accordance with Luxembourg Law.

The net liquidation proceeds of each Sub-Fund shall be distributed to the Shareholders of each Share Class of the relevant Sub-Fund, either in kind or in cash, in proportion to their respective holdings of such Share Class.

### **3.10 Merger or Liquidation of Sub-Funds**

If the net assets of any Sub-Fund or Share Class fall below or do not reach an amount determined by the Board of Directors and disclosed in the relevant section of "Appendix II - Sub-Fund Details", to be the minimum level for such Sub-Fund or such Share Class to be operated in an economically efficient manner or in case an economic rationalisation so justifies or if a change in the economic, monetary or political situation relating to the Sub-Fund or Share Class concerned so justifies or if a change in laws or regulations applicable to the Fund or any of its Sub-Funds so justifies or in any other circumstances where the interests of the Shareholders so justify, the Board of Directors has the discretionary power to liquidate such Sub-Fund or Share Class by compulsory redemption of Shares of such Sub-Fund or Share Class at the Net Asset Value per Share (but taking into account actual realisation prices of investments and realisation expenses) determined as at the Valuation Day at which such a decision shall become effective. The decision to liquidate will be published by the Fund prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Management Company decides otherwise in the interest of, or in order to ensure equal treatment of, the Shareholders, the Shareholders of the Sub-Fund or Share Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charges (but taking into account actual realisation prices of investments and realisation expenses). Unless otherwise disclosed in the relevant section of "Appendix II - Sub-Fund Details", the minimum amount referred to in the first sentence of this paragraph will be fifty million USD (USD 50,000,000) or its equivalent.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the Board of Directors may resolve to convene a general meeting of Shareholders of any Sub-Fund or Share Class to vote on the redemption of all Shares in such Sub-Fund or Share Class and on the subsequent payment of the Net Asset Value of Shares (taking into account actual realisation prices of investments and realisation expenses) determined as at the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast.

Assets that could not be distributed to the relevant Shareholders upon the conclusion of the liquidation of a Sub-Fund or Share Class will be deposited with the *Caisse de Consignation* to be held for the benefit of the relevant Shareholders in accordance with Luxembourg Law.

Under the circumstances provided for above in the first paragraph of this section, the Board of Directors may also decide to merge Sub-Funds with other Sub-Funds or merge Sub-Funds into other collective investment undertakings or reorganise the Shares of a Sub-Fund into two or more Share Classes (following a split or consolidation if necessary and the payment of the amount corresponding to any fractional entitlement to Shareholders) or combine two or more Share Classes into a single Share Class. Publication or notification of the decision will be made as described above including details of the merger and will be made at least one calendar month prior to the merger taking effect during which time Shareholders of the Sub-Fund or of the Share Classes to be merged may request redemption of their Shares free of charge. After such period, the decision commits the entirety of Shareholders who have not placed a redemption request; provided, however, that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, such decision shall be binding only on the Shareholders who are in favour of such amalgamation.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the Board of Directors may resolve to convene a general meeting of Shareholders of the contributing Sub-Fund to vote on the contribution of its assets and liabilities to another Sub-Fund of the Fund. There shall be no quorum requirements for such a general meeting of Shareholders of the contributing Sub-Fund which shall be decided by resolution adopted by simple majority of the votes cast. A contribution of the assets

and liabilities attributable to any Sub-Fund to another undertaking for collective investment or to a sub-fund within such other undertaking for collective investment shall be decided by a general meeting of Shareholders and shall require a resolution of the Shareholders of the contributing Sub-Fund where no quorum is required and adopted by a simple majority of the votes cast, except when such amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on the Shareholders of the contributing Sub-Fund who have voted in favour of such amalgamation.

### **3.11 Fair Treatment of Investors**

The Management Company has established policies and procedures and made arrangements to ensure the fair treatment of investors. All rights and obligations to investors, including those related to subscription and redemption requests, are set out in this Prospectus or the Articles. The Management Company has established fair and transparent pricing models and valuation systems and procedures for the assets of the Sub-Funds managed and endeavours to ensure that there are no undue costs being charged to the Sub-Funds managed and investors. The Management Company has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of investors. The Management Company has established a process for recognising and dealing with complaints fairly.

The Management Company may provide advance notification of information to Shareholders, their agents or financial intermediaries or additional information to certain investors, their agents or financial intermediaries in order for them to comply with any regulatory, reporting or other type of obligations they may have with their underlying investors. The Management Company must ensure that investors are fairly treated and that any additional information offered as above does not materially disadvantage other investors.

### **3.12 Conflicts of Interest**

An investment in the Fund or a Sub-Fund is subject to a number of actual or potential conflicts of interest. The Management Company, affiliated Investment Managers and other JPMorgan affiliates have adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest. In addition, these policies and procedures are designed to comply with applicable law where the activities that give rise to conflicts of interest are limited and/or prohibited by law, unless an exception is available. The Management Company reports any material conflicts of interest that cannot be managed to the Board of Directors of the Fund.

The Management Company and/or its affiliates provide a variety of different services to the Fund, for which the Fund compensates them. As a result, the Management Company and/or its affiliates have an incentive to enter into arrangements with the Fund, and face conflicts of interest when balancing that incentive against the best interests of the Fund. The Management Company, together with affiliates to which it delegates responsibility for investment management, also face conflicts of interest in their service as investment manager to other funds or clients, and, from time to time, make investment decisions that differ from and/or negatively impact those made by the Investment Managers on behalf of the Fund.

In addition, affiliates of the Management Company (collectively, "JPMorgan") provide a broad range of services and products to their clients and are major participants in the global currency, equity, commodity, fixed-income and other markets in which the Sub-Funds invest or will invest. In certain circumstances by providing services and products to their clients, JPMorgan's activities may disadvantage or restrict the Sub-Funds and/or benefit these affiliates.

Potential conflicts of interest may arise between the Depositary and any delegates or sub-delegates it has appointed to perform safekeeping and related services. For example, potential conflicts of interest may arise where an appointed delegate is an affiliated group company of the Depositary and is providing a product or service to the Fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company of the Depositary which receives remuneration for other related custodial products or services it provides to the Fund, such as foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of

interest that may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws including those to act honestly, fairly, professionally and independently and solely in the interests of the Fund, and will also manage, monitor and disclose any conflicts of interest, as provided under Article 21 of the AIFMD.

The Management Company or the delegate Investment Managers may also acquire material non-public information which would negatively affect the Sub-Fund's ability to transact in securities affected by such information.

For more information about conflicts of interest, see [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives)

### **3.13 Information made available to Shareholders**

Copies of the Articles, the current Prospectus, the Key Information Document (where relevant) and the latest annual report may be obtained by Shareholders free of charge during normal office hours at the registered office of the Management Company in Luxembourg. The Articles shall be deemed to form part of this Prospectus.

The Financial Year ends on 31 December of each year. The audited annual reports shall be published typically within six months following the end of the Financial Year to which they refer. The annual reports will be made available on the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives) or may be obtained, free of charge, on request by contacting the Management Company at its registered office during ordinary office hours. The Reference Currency of the Fund is EUR. The aforesaid reports will comprise consolidated accounts of the Fund expressed in EUR as well as individual information on each Sub-Fund expressed in its Reference Currency.

The following information will be made available to Shareholders in the annual report:

- (a) the percentage of each Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees apply to these assets;
- (b) if risk limits set for each Sub-Fund by the Management Company have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
- (c) the total amount of leverage employed by Sub-Funds employing leverage;
- (d) any changes to the maximum level of leverage employed by Sub-Funds employing leverage; and
- (e) any material changes to the information above.

In addition, the following information is made available to Shareholders in this Prospectus:

- (a) the arrangements for managing the liquidity of Sub-Funds in section "3.5 Risk Management Process and Liquidity Management";
- (b) the risk management systems employed by the Management Company to manage the risks to which a Sub-Fund is or may be exposed in section "3.5 Risk Management Process and Liquidity Management";
- (c) the current risk profile of each Sub-Fund and the maximum level of leverage that may be employed by Sub-Funds employing leverage, in "Appendix II – Sub-Fund Details"; and
- (d) where applicable, any right for re-use of collateral or any guarantee under a Sub-Fund's leveraging arrangements as well as the nature of such rights or guarantees.

Further information regarding the risk management process and liquidity management systems and procedures, including the measures used to assess the sensitivity of a Sub-Fund's portfolio to the most relevant risks to which that Sub-Fund is or could be exposed, can be found in the Supplementary Information on the Risk Management Process which is available upon request at the registered office of the Management Company.

It is intended that Shareholders will be notified immediately on the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives) of any material changes to the liquidity management systems and procedures employed by the Management Company including any suspension of redemptions or activation of gates, side pockets or similar special liquidity arrangements.

The latest Net Asset Value of each Share Class and the subscription and redemption prices thereof as well as past performance information for the Fund are available on the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives).

In addition, the following policies and procedures regarding conflicts of interest, order execution and proxy voting are available from the registered office of the Management Company.

### **3.14 Queries and Complaints**

Any person who would like to receive further information regarding the Fund or who wishes to make a complaint about the operation of the Fund should contact JPMorgan Asset Management (Europe) S.à r.l., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

## **4. Dividend Policy**

Share Classes with the suffix "(acc)" are accumulation Share Classes and will not normally pay dividends. Distribution Share Classes will normally pay dividends as described below.

### ***Declaration of Dividends***

Dividends will either be declared as annual dividends by the Annual General Meeting of Shareholders or as interim dividends by the Board of Directors.

### ***Share Classes suffixed "(div)"***

Share Classes with the suffix "(div)" in issue at the dividend record date will be eligible for any dividends which will be paid directly to the Shareholders rather than re-invested.

The dividend policy of each Sub-Fund is set out in "Appendix II - Sub-Fund Details".

## **5. Management and Administration**

### **5.1 Board of Directors**

The Board of Directors is responsible for the Fund's management and control including the determination of investment policies and of investment restrictions and powers. The Board of Directors is composed of the individuals identified under the section "Board of Directors".

The members of the Board of Directors that are employees of JPMorgan Chase & Co. waive their directors' fees. The Board of Directors each year reviews and recommends directors' fees for approval by Shareholders at the Annual Meeting. Such directors' fees form part of the Funds Operating and Administrative Expenses. The Board of Directors has appointed the Management Company to generally administer the business and affairs of the Fund, subject to the overall control and supervision of the Board of Directors.

### **5.2 Management Company and Domiciliary Agent**

JPMorgan Asset Management (Europe) S.à r.l. has been authorised by the CSSF to act as an alternative investment fund manager pursuant to the AIFMD and has been designated by the Board of Directors as Management Company of the Fund to perform investment management, administration and marketing functions for the Fund and as domiciliary agent to the Fund.

The Management Company was incorporated as a "*Société Anonyme*" in Luxembourg on 20 April 1988 under the name of Fleming Fund Management (Luxembourg) S.A. The Management Company became a "*Société à responsabilité limitée*" (S.à r.l.) on 28 July 2000, amended its name to J.P. Morgan Fleming Asset Management (Europe) S.à r.l. on 22 February 2001 and subsequently to JPMorgan Asset Management (Europe) S.à r.l. on 3 May 2005. The Management Company has an authorised and issued share capital of EUR 10,000,000.

JPMorgan Asset Management (Europe) S.à r.l. was authorised on 25 May 2005 as a management company managing UCITS and other UCIs and therefore complies with the conditions set out in Chapter

15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended. The corporate object of JPMorgan Asset Management (Europe) S.à r.l. is to provide investment management, administration and marketing services to undertakings for collective investment.

***Board of Managers of the Management Company***

The managers of the Management Company are:

Graham Goodhew, Independent Director, 8 Rue Pierre Joseph Redoute, L-2435 Luxembourg, Grand Duchy of Luxembourg

Massimo Greco, Managing Director, JPMorgan Asset Management (UK) Limited, 60 Victoria Embankment, London, EC4Y 0JP, United Kingdom

Beate Gross, Managing Director, JPMorgan Asset Management (Europe) S.à r.l., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg

Hendrik van Riel, Independent Director, via Alessandro Fleming 101/A, 00191 Rome, Italy

Maria Paola Toschi, Executive Director, JPMorgan Asset Management (Europe) S.à r.l., via Catena 4, 20121 Milan, Italy

Kathy Vancomerbeke, Executive Director, JPMorgan Asset Management (Europe) S.à r.l., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg

Lorraine Ebanks, Executive Director, JPMorgan Chase Bank, N.A. – London Branch, 25 Bank Street, Canary Wharf, Floor 14, London E14 5JP, United Kingdom

[Christoph Bergweiler](#), Managing Director, JPMorgan Asset Management (Europe) S.à r.l., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg

The managers of the Management Company have appointed Gilbert Dunlop, Sandrine Lilliu, Philippe Ringard, James Stuart Beate Gross and [Christoph Bergweiler](#) as conducting officers, responsible for the day to day management of the Management Company.

***Duties***

The Management Company is responsible for:

- a) the investment management function in respect of the Fund which includes portfolio management and risk management;
- b) the general administration of the Fund, including:
  - i) legal and fund management accounting services;
  - ii) response to customer inquiries;
  - iii) valuation and pricing of the assets of the Fund, including tax returns;
  - iv) regulatory compliance monitoring;
  - v) maintenance of the Shareholder register;
  - vi) distribution of income;
  - vii) issue and redemption of Shares;
  - viii) settlement of contracts, including certificates dispatch; and
  - ix) record keeping;
- c) marketing functions.

The Management Company is entitled to receive the initial charge and any charge on conversions and any rounding adjustments, as detailed herein. It may from time to time and at its sole discretion pay all or part of the charges it receives as a commission, retrocession or discount to some or all investors, financial intermediaries or Distributors on the basis of their size, nature, timing or commitment of their investment.



***Delegation***

The Management Company has been permitted by the Fund to delegate its portfolio management function to the Investment Manager.

The Management Company is responsible for the central administration of the Fund and acts as its domiciliary agent. The Management Company has been permitted by the Fund to delegate certain administrative functions to specialised service providers. In that context, the Management Company has delegated certain of its corporate and administrative functions and registrar and transfer agent functions.

In the context of its marketing function, the Management Company may enter into agreements with Distributors pursuant to which the Distributors agree to act as intermediaries or nominees for investors subscribing for Shares through their facilities.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give at any time further instructions to such third parties, and that it can withdraw their mandate under certain circumstances. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The names of other funds for which JPMorgan Asset Management (Europe) S.à r.l has been appointed as Management Company are available on request.

***Professional Liability Risks***

The Management Company covers its potential liability risks arising from professional liability by holding the appropriate additional 'own funds' within the meaning of the AIFMD.

**5.3 Investment Managers**

The Management Company has delegated the portfolio management function for each Sub-Fund to one or more of the Investment Managers listed under "Investment Managers" in the section "Management and Administration" at the front of this Prospectus. The delegated Investment Manager for each Sub-Fund is stated in "Appendix II – Sub-Fund Details". The Investment Manager shall manage the investments of the Sub-Funds in accordance with stated investment objectives and restrictions and, on a discretionary basis, acquire and dispose of investments of the Sub-Funds. The terms of the appointment of the Investment Managers are specified in the investment management agreements. Investment Managers are entitled to receive as remuneration for their services hereunder such fee payable by the Management Company as is set out in the relevant agreement or as may otherwise be agreed upon from time to time.

The Investment Managers are part of JPMorgan Chase & Co. which has a number of direct and indirect subsidiaries engaged globally in providing a wide range of financial services, including JPMorgan Chase Bank, a US national banking association under the supervision of the Office of the Comptroller of the Currency ("OCC"), whose principal office is located at 383 Madison Avenue, New York, N.Y. 10179, USA, and all of its branch offices and direct and indirect subsidiaries in and outside of the United States.

## 5.4 Depositary

The Fund has appointed Brown Brothers Harriman (Luxembourg) S.C.A. as Depositary of all of the Fund's assets.

Brown Brothers Harriman (Luxembourg) S.C.A., a *société en commandite par actions* with registered office at 80 route d'Esch, L-1470 Luxembourg, Grand Duchy of Luxembourg. It is licensed to engage in all banking activities under Luxembourg Law.

The Depositary shall assume its functions and responsibilities in accordance with the AIFMD and the 2007 Law and the agreement that it has entered into with the Fund. The principal duties of the Depositary are as follows:

- a) safe-keeping of the financial instruments of a Sub-Fund that can be held in custody (including book entry securities) and verifying the ownership of other assets of a Sub-Fund that cannot be held in custody and maintaining a record of such assets;
- b) ensure that the Sub-Fund's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the subscription of Shares in a Sub-Fund have been received and that all cash of the Sub-Fund has been booked in cash accounts that the Depositary can monitor and reconcile;
- c) ensure that the issue, redemption and conversion of Shares of a Sub-Fund are carried out in accordance with applicable Luxembourg laws and the Articles;
- d) ensure that the value of the Shares of a Sub-Fund is calculated in accordance with applicable Luxembourg laws, the Articles and the Management Company's valuation procedures;
- e) carry out the instructions of the Management Company, unless they conflict with applicable Luxembourg laws or the Articles;
- f) ensure that in transactions involving a Sub-Fund's assets any consideration is remitted to the Sub-Fund within the usual time limits;
- g) ensure that a Sub-Fund's income is applied in accordance with applicable Luxembourg laws and the Articles.

The Depositary has delegated the safe-keeping of all or some financial instruments which can be held in custody as referred to in paragraph 5.4 (a) to certain sub-custodians and other delegates. The Depositary exercises all due skill, care and diligence in the selection, the appointment and the periodic review and ongoing monitoring of any delegate. Details of such delegates are available at the registered office of the Management Company.

The Depositary is liable to the Fund or the Shareholders for the loss by the Depositary or any delegate of financial instruments held in custody. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. As the date of this Prospectus, the Depositary has not entered into any arrangements to contractually transfer liability to a delegate.

The Depositary is also liable to the Fund or the Shareholders in relation to all its duties for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations.

## 5.5 Administrative Agent

The Management Company has also delegated administrative agency functions to Brown Brothers Harriman (Luxembourg) S.C.A.

In its capacity as Administrative Agent to the Fund, Brown Brothers Harriman (Luxembourg) S.C.A. determines the Net Asset Value of the Shares in each Sub-Fund and maintains accounting records, under the overall supervision and responsibility of the Management Company.

The Management Company will remain responsible for registrar and transfer agency functions but has delegated certain of its functions in that respect to the Administrative Agent.

Agreements have been entered into with various paying agents and/or representatives to, inter alia, perform certain administrative services, distribute the Shares or to act as representatives in respect of the Fund in the relevant jurisdictions.

## **5.6 Auditor**

The auditor of the Fund is PricewaterhouseCoopers, Société Coopérative, 2, rue Gerhard Mercator, BP 1443 L-1014 Luxembourg, Grand Duchy of Luxembourg.

The auditor shall, with respect to the assets of the Fund, carry out the duties provided by the 2007 Law, including the audit of the accounting information contained in the annual report of the Fund.

## **5.7 Commission Sharing Arrangements**

The Investment Manager may enter into commission sharing arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Fund, and where the Investment Manager is satisfied that the transactions generating the shared commissions are made in good faith, in strict compliance with applicable regulatory requirements, and in the best interest of the Fund and the Shareholders. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice. Subject to their local regulatory rights, the investment managers may make use of soft commission to pay for research or execution services. Other jurisdictions may have other arrangements in place to pay for such services in accordance with local regulatory obligations. Since 1 January 2018, the Investment Managers do not use commission sharing / soft commission to pay for external research.

## **5.8 Shareholders' Rights against Service Providers**

It should be noted that Shareholders will only be able to exercise their rights directly against the Fund and will not have any direct contractual rights against the service providers of the Fund appointed from time to time.

# **6. Management and Fund Charges**

All fees, charges, expenses and costs to be borne by the Fund will be subject to the potential addition of VAT or any analogous taxation where applicable.

### ***Charges and Fees paid to the Management Company***

The Management Company is entitled to receive the initial charge, redemption charge (unless stated otherwise in "Appendix II – Sub-Fund Details") and any conversion charge where applicable to the Share Class as detailed in "Appendix II - Sub-Fund Details", together with any rounding adjustments as detailed within this Prospectus.

## **6.1 Explanation of the Charging Structures for certain Share Classes**

The X Share Classes are designed to accommodate an alternative charging structure whereby an Annual Management and Advisory Fee normally charged to the Fund and then passed on in the share price is instead administratively levied and collected by the Management Company or the appropriate JPMorgan Chase & Co. entity directly from the Shareholder.

Certain Sub-Funds or Share Classes may incorporate a Performance Fee as further detailed in "Appendix II - Sub-Fund Details".

## **6.2 Annual Management and Advisory Fee**

The Fund pays to the Management Company an Annual Management and Advisory Fee calculated as a percentage of the ending Net Asset Value on each Valuation Day of each Sub-Fund or Share Class. The Annual Management and Advisory Fee is payable monthly in arrears, at the rate specified in "Appendix II - Sub-Fund Details", irrespective of the performance of the Fund. The Annual Management and Advisory Fee payable by the X Share Classes of the Sub-Fund is administratively levied and

collected by the Management Company or the appropriate JPMorgan Chase & Co. entity directly from the Shareholder.

The Management Company may from time to time and at its sole discretion pay all or part of the charges it receives as a commission, retrocession or discount to some or all investors, financial intermediaries or Distributors on the basis of their size, nature, timing or commitment of their investment.

### **6.3 Performance Fee**

For certain Sub-Funds within the Fund, the Management Company is entitled to receive a Performance Fee in addition to other fees and expenses. The Management Company is entitled to a Performance Fee if, in any accounting year, the performance of the relevant Sub-Fund exceeds the return of the Performance Fee Benchmark during the same period, subject to the operation of a Claw-Back Mechanism or of a High Water Mark. The Performance Fee mechanism, Performance Fee Rate and the Performance Fee Benchmarks are specified in "Appendix II – Sub-Fund Details" for each relevant Sub-Fund. Full details on how the Performance Fee is accrued and charged, and the definitions of the terms used herein appear under "Appendix IV - Calculation of Performance Fees".

### **6.4 Operating and Administrative Expenses**

The Fund bears all the ordinary operating and administrative expenses ("Operating and Administrative Expenses") at the rates set out in "Appendix II – Sub-Fund Details" to meet all fixed and variable costs, charges, fees and other expenses incurred in the operation and administration of the Fund from time to time.

The Operating and Administrative Expenses are calculated as a percentage of the average daily net assets of each Sub-Fund or Share Class. They are accrued daily and payable monthly in arrears and will not exceed the maximum rate specified in the relevant section of "Appendix II – Sub-Fund Details".

The Operating and Administrative Expenses cover:

- a. A "Fund Servicing Fee" paid to the Management Company for the services that the Management Company provides to the Fund. The Fund Servicing Fee will be reviewed annually and will not exceed 0.15% per annum.
- b. Expenses directly contracted by the Fund ("Direct Fund Expenses") and expenses directly contracted by the Management Company on behalf of the Fund ("Indirect Fund Expenses"):
  - i. Direct Fund Expenses include but are not limited to the Depositary fees, auditing fees and expenses, the Luxembourg tax d'abonnement, Directors' fees (no fees will be paid to Directors who are also directors or employees of JPMorgan Chase & Co.) and reasonable out-of-pocket expenses incurred by the Directors.
  - ii. Indirect Fund Expenses include but are not limited to formation expenses such as organisation and registration costs; accounting expenses covering fund accounting and administrative services; transfer agency expenses covering registrar and transfer agency services; the Administrative Agent and Domiciliary Agent services; the fees and reasonable out-of-pocket expenses of the paying agents and representatives; legal fees and expenses; ongoing registration, listing and quotation fees, including translation expenses; the cost of publication of the Share prices and postage, telephone, facsimile transmission and other electronic means of communication; and the costs and expenses of preparing, printing and distributing the Prospectus or any offering document, financial reports and other documents made available to Shareholders.

The Operating and Administrative Expenses borne by the A, C, I, and X Share Classes are not fixed and will be the lower of the actual expenses incurred by the Sub-Fund and the maximum rate detailed in "Appendix II – Sub-Fund Details". At its discretion, the Management Company may on a temporary basis meet the Direct and/or Indirect Fund Expenses on a Sub-Fund's behalf and/or waive all or part of the Fund Servicing Fee.

Operating and Administrative Expenses do not include Transaction Fees and Extraordinary Expenses as defined above.

Expenses related to the formation of new Sub-Funds may be amortised over a period not exceeding five years, as permitted by Luxembourg Law.

All expenses are taken into account in the determination of the Net Asset Value per Share of each Share Class.

## **6.5 Transaction Fees**

Each Sub-Fund bears Transaction Fees. Transaction Fees are accounted for on a cash basis and are paid when incurred or invoiced from the Net Asset Value of the Sub-Fund to which they are attributable. Transaction Fees are allocated across each Sub-Fund's Share Classes.

## **6.6 Extraordinary Expenses**

The Fund bears any Extraordinary Expenses. Extraordinary Expenses are accounted for on a cash basis and are paid when incurred or invoiced from the Net Asset Value of the Sub-Funds to which they are attributable. Extraordinary Expenses are allocated across each Sub-Fund's Share Classes.

# **7. Taxation**

The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg. It is therefore subject to any future changes.

Investors should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the Shares under the laws of their countries of citizenship, residence or domicile.

The following is based on the Board of Directors' understanding of the law and practice in force at the date of this document and applies to investors acquiring Shares in the Fund as an investment.

## **7.1 Luxembourg Tax Considerations**

### **7.1.1. Taxation of the Fund**

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are Dividends (if any) paid by the Fund liable to any Luxembourg withholding tax. The Fund is, however, liable in Luxembourg to a *Taxe d'abonnement* at a rate of 0.01% per annum of its net assets, such tax being payable quarterly on the basis of the net assets of the Fund at the end of the relevant quarter. No stamp or other tax will be payable in Luxembourg on the issue of the Shares.

The 0.01% rate described above is not applicable for the portion of the assets of the Fund invested in other Luxembourg collective investment undertakings which are themselves subject to the *taxe d'abonnement*.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short- or long-term, are not expected to become taxable in another country, the Shareholders must be aware and recognise that such a possibility is not totally excluded.

Dividends, interest and capital gains, if any, received by the Fund from investments may be liable to withholding taxes in the countries concerned at varying rates. Such withholding taxes are usually not recoverable.

### **7.1.2. Taxation of Shareholders**

Under current legislation Shareholders are not normally subject to any income, withholding, estate, inheritance or other taxes in Luxembourg except for those domiciled, resident or having a permanent establishment in Luxembourg.

### **7.1.3. Taxation of UK Resident Shareholders**

Share Classes of the offshore Sub-Funds will constitute an offshore Fund for the purposes of Section 355 Taxation (International And Other Provisions) Act 2010. As a result, any gains arising on a redemption or other disposal of shares by UK resident investors (whether individual or corporate) will be chargeable to UK income tax or corporation tax as income and not to UK capital gains tax or corporation tax on capital gains unless the Share Classes concerned attains UK Reporting Fund Status. It is the intention that certain classes of the Sub-Funds will seek to attain such status.

Please note that the Reportable Income attributable to each relevant Share Class will be made available via the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives) typically within six months of the financial year end of the Fund. Further information on UK Reporting Fund Status will also be available at this website address.

## **7.2 European Union Tax Considerations**

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "Savings Directive") from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States (i.e. the Savings Directive will no longer apply once all the reporting obligation concerning the calendar year 2015 will have been complied with).

Under the Savings Directive, EU Member States (the "Member States") are required to provide the tax authorities of another Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other Member State.

Under the Luxembourg laws dated 21 June 2005 (the "Laws"), implementing the Savings Directive, as amended by the Law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU ("Territories"), a Luxembourg-based paying agent is required since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another Member State or in the Territories, and certain personal data on the beneficial owner. Such details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Savings Directive).

## **7.3 United States ("US") Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")**

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes ("FATCA reportable accounts"). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and

the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- a) request information or documentation, including tax self-certifications, US IRS W-8 or W-9 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- b) report information concerning a Shareholder (and Controlling Persons of Shareholders that are Passive Non-Financial Foreign Entities) and their account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (Administration des Contributions Directes) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution; and
- d) deduct any applicable US withholding taxes from certain payments, such as Passthru Payment withholding taxes should these be implemented, made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA.

The Privacy Policy sets out the appropriate information for investors regarding the circumstances in which J.P. Morgan Asset Management may process personal data. In addition: (i) the Management Company is responsible for the processing of the personal data in accordance with the FATCA Law; (ii) the relevant personal data will only be processed for the purposes of the FATCA Law, or as otherwise set out in this Prospectus or the Privacy Policy; (iii) the personal data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes); (iv) responding to FATCA-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes).

The Management Company reserves the right to refuse any application for Shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

The Fund is responsible for the treatment of the personal data provided for in the Lux IGA Legislation. The personal data obtained will be used for the purposes of the Lux IGA Legislation and such other purposes indicated by the Fund in accordance with applicable data protection legislation, and may be communicated to the Luxembourg Tax Authority as well as to competent US authorities in accordance with the IGA. Responding to FATCA-related questions is mandatory. The Shareholders have a right of access to and rectification of the data communicated to the Luxembourg Tax Authority and may contact the Fund at its registered office to exercise their right.

The Fund reserves the right to refuse any application for shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the Lux IGA Legislation and the IGA.

### **7.3a Passive Foreign Investment Companies**

Certain US investors who do not fall within the definition of a US Person (as defined under "(a) Subscription for Shares" within "2.1 Subscription, Redemption and Switching of Shares") may invest in the Fund. The Funds are passive foreign investment companies ("PFIC") within the meaning of §1291 through §1298 of the US Internal Revenue Code ("IRC"). The US tax treatment to US investors (directly or indirectly through their custodian/depositary or financial intermediary) under the PFIC provisions of the IRC can be disadvantageous. US investors will be unlikely to meet the requirements to either elect

to mark-to-market treatment of their investment in the Funds under IRC §1296 or elect to treat the Funds as Qualified Electing Funds under IRC §1293.

#### **7.4 Taxation of Chinese Assets**

The PRC Enterprise Income Tax Law ("EITL") imposes an Enterprise Income Tax (EIT) of 20% on the PRC-sourced income derived by a foreign enterprise without a permanent establishment in China. The rate is reduced to 10% for sources of income including profit, dividend and interest.

Sub-Funds that invest in PRC securities may be subject to EIT withholding and other taxes imposed in the PRC, including the following:

- Dividends and interest paid by PRC companies are subject to a 10% tax. The paying entity in China will be responsible for withholding such tax when making a payment. A full tax provision of 10% is made for PRC-sourced dividends and interest where tax has not yet been withheld by the paying entity. Interest from government bonds is specifically exempt from EIT whereas interest derived from bonds traded in PRC local bond market are temporarily exempt from EIT for the period from 7 November 2018 to 6 November 2021.
- Gains from the disposal of PRC securities would normally be subject to a 10% EIT under EITL. However, currently gains from the disposal of China A-Shares (including those on the China-Hong Kong Stock Connect Programmes) and interest derived by foreign institutional investors from bonds traded on PRC bond market are subject to a temporary exemption from EIT. Generally, there is no withholding mechanism for EIT on gains from PRC securities. A full PRC tax provision of 10% is made for certain gains from disposal of PRC securities that are currently not specifically exempt from EIT.

#### **7.5 Automatic Exchange of Information Agreements between Governments**

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. Additionally on 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. the Savings Directive will apply for one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund generally requires its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and their account to the Luxembourg tax authorities (Administration des Contributions Directes), if such account is deemed a CRS reportable account under the CRS Law. The Privacy Policy sets out the appropriate information for investors regarding the circumstances in which J.P. Morgan Asset Management may process personal data. In addition: (i) the Management Company is responsible for the processing of the personal data in accordance with the CRS Law; (ii) the relevant personal data will only be processed for the purposes of the CRS Law, or as otherwise set out in this Prospectus or the Privacy Policy; (iii) the personal data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes).



The Management Company reserves the right to refuse any application for Shares if the information provided by a potential investor does not satisfy the requirements under the CRS Law.

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

## Appendix I - Investment Restrictions and Powers

The Fund is subject to and will conduct its investment operations in compliance with the following general investment restrictions. The investment policy of a Sub-Fund may be subject to different or additional investment restrictions than those provided below or even derogate thereto, in which case such different or additional restrictions or derogations are disclosed in the relevant Sub-Fund particulars in "Appendix II - Sub-Fund Details".

- (i) No Sub-Fund may invest more than 30% per cent of its assets in securities of the same kind issued by the same issuing body or in loan instruments issued by the same borrower and/or selling participant(s).

This restriction does not apply:

- to investments in securities issued or guaranteed by a member state of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature; and
- to investments in investment vehicles which are subject to risk diversification requirements at least similar to those provided for in relation to investment vehicles ruled by the 2007 Law.

For the application of this restriction, each compartment of a target issuer with an umbrella structure is to be considered as a separate issuer, provided that the principle of segregation of commitments of the different compartments of such target issuer in relation to third parties is ensured.

- (ii) Short sales may not have as a consequence that a Sub-Fund hold a short position on securities of the same kind issued by the same issuing body representing more than 30% of its assets.
- (iii) When making use of financial derivative instruments, a Sub-Fund must ensure a comparable risk diversification through an appropriate risk diversification of underlying assets.
- (iv) Each Sub-Fund may borrow up to 20 per cent of its net assets at the time of such borrowing with no restriction in respect of the intended use thereof.

### Investment Restrictions applying to Cluster Munitions

The Grand Duchy of Luxembourg has implemented the United Nations Convention on Cluster Munitions dated 30 May 2008 into Luxembourg legislation by a law dated 4 June 2009. The Management Company has implemented a policy which seeks to restrict investments in securities issued by companies that have been identified by independent third party providers as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armor and/or anti-personnel mines. Should you require further details on the policy please contact the Management Company.

### Leverage

For Sub-Funds employing leverage, the Management Company is required in accordance with the AIFMD to calculate and monitor the level of leverage and to disclose their maximum level of leverage as stated in "Appendix II – Sub-Fund Details" as well as their total amount of leverage employed as stated in the annual report. In this context leverage means any method by which a Sub-Fund increases its exposure whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means. The sources of leverage which can be used when managing a Sub-Fund include:

- a) cash borrowing;
- b) financial derivative instruments; and
- c) reinvestment of cash collateral in the context of Securities Lending.

Leverage is expressed as a ratio between the exposure of the Sub-Fund and its Net Asset Value (Exposure/NAV). The exposure of a Sub-Fund shall be calculated in accordance with the gross method and the commitment method.

Under the gross method, the exposure of a Sub-Fund is calculated as follows:

- a) include the sum of all assets purchased, plus the absolute value of all liabilities;
- b) exclude the value of cash and cash equivalents which are highly liquid investments held in the base currency of the Sub-Fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality government bond;
- c) derivative instruments are converted into the equivalent position in their underlying assets;
- d) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- e) include exposure resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of the cash borrowed;
- f) include positions within repurchase or Reverse Repurchase Transactions and Securities Lending or borrowing or other similar arrangements.

Under the commitment method, the exposure of a Sub-Fund is calculated in the same way as under the gross method; however, the exposure of derivative or security positions employed in hedging and netting arrangements are not included in this calculation, provided certain conditions are met.

Further information regarding these different leverage calculation methods can be found in AIFMD and the Supplementary Information on the Risk Management Process which is available upon request from the registered office of the Management Company.

The maximum level of leverage that may be employed by Sub-Funds employing leverage, calculated in accordance with the gross and commitment methods, is stated in "Appendix II – Sub-Fund Details". In addition, the total amount of leverage employed by Sub-Funds employing leverage will be disclosed in the Fund's annual report.

As these calculations do not take into account whether a particular financial derivative instrument increases or decreases investment risk, they will not necessarily be representative of the actual level of investment risk within a Sub-Fund.

## **Financial Derivative Instruments and Financial Techniques**

### **1. General**

Each Sub-Fund may use financial derivative instruments and techniques that may include, amongst others, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts by private agreement on any type of financial instrument. Financial techniques and instruments (such as Securities Lending and Reverse Repurchase Transactions) may be used by any Sub-Fund for the purpose of generating additional capital or income or for reducing costs or risk.

The Sub-Funds may hold such ancillary liquid assets as the Investment Manager considers appropriate in the form of, without limitation, current accounts, fixed term deposits or money market instruments. Each of the Sub-Funds may also engage in Securities Lending and enter into Reverse Repurchase Transactions.

When a Sub-Fund invests in a Total Return Swap or other financial derivative instrument with similar characteristics, the underlying assets and investment strategies to which exposure will be gained are described in the relevant Sub-Fund's investment objective and policy set out in "Appendix II – Sub-Fund Details".

Where a Sub-Fund uses Total Return Swaps, the maximum and the expected proportion of assets under management of the Sub-Fund that could be subject to Total Return Swaps will be set out in "Appendix II – Sub-Fund Details".

All revenues arising from Total Return Swaps will be returned to the relevant Sub-Fund, and the Management Company will not take any fees or costs out of those revenues additional to the Annual Management and Advisory Fee for the relevant Sub-Fund as set out in section "Management and Fund Charges" above.

The Depositary will verify the ownership of the OTC derivatives of the Sub-Funds and the Depositary will maintain an updated record of such OTC derivatives.

Securities Lending aims to generate additional income with an acceptably low level of risk. Where a Sub-Fund uses Securities Lending, the maximum and the expected proportion of assets under management of the Sub-Fund that could be subject to Securities Lending will be set out in "Appendix II – Sub-Fund Details". If the Sub-Fund invests in Reverse Repurchase Transactions cash collateral received in respect of Securities Lending, the same limits as set out for Securities Lending in "Appendix II – Sub-Fund Details" will apply to Reverse Repurchase Transactions.

If Securities Lending is not disclosed in "Appendix II – Sub-Fund Details" for a particular Sub-Fund, it may still engage in Securities Lending up to 20% and the relevant Sub-Fund Details will be updated at the next opportunity in order to reflect the information required by the SFTR.

Any of the transferable securities or money market instruments held by a Sub-Fund may be subject to Securities Lending transactions. Securities held by a Sub-Fund that are lent will be held in custody by the Depositary (or a sub-custodian on the behalf of the Depositary) in a registered account opened in the Depositary's books for safekeeping. The lending agent for the Fund receives a fee of 10% of the gross revenue for its services related to Securities Lending. The remainder of the revenue is received by the lending Sub-Funds. The revenue received by the Sub-Funds arising from Securities Lending transactions is specified in the Fund's semi-annual and annual reports. Borrowers of securities may include affiliates of JPMorgan Chase & Co.

In respect of Reverse Repurchase Transactions, collateral management fees may apply to the services relating to tri-party service arrangements required to ensure optimal transfer of collateral between the Fund and its counterparties. The remainder of the revenue related to the Reverse Repurchase Transactions is received by the Sub-Funds. The revenue received by the Sub-Funds from the Reverse Repurchase Transactions is specified in the Fund's semi-annual and annual reports.

Where a Sub-Fund invests in Reverse Repurchase Transactions pursuant to its investment policy, the maximum and the expected proportion of assets under management of that Sub-Fund that could be subject to Reverse Repurchase Transactions will be set out in "Appendix II – Sub-Fund Details".

A Sub-Fund that does not invest in Reverse Repurchase Transactions as of the date of this Prospectus may however invest in Reverse Repurchase Transactions provided that investment in these instruments is allowed pursuant to its investment policy as specified in "Appendix II – Sub-Fund Details" and that the maximum proportion of assets under management of that Sub-Fund that could be subject to these instruments does not exceed 100%. In such case, the relevant sections of "Appendix II – Sub-Fund Details" will be updated accordingly at the next available opportunity in order to reflect the information required by the SFTR.

When using the financial derivative instruments and techniques instruments described in the preceding paragraphs, the Sub-Funds must comply with the limits and restrictions set forth in this "Appendix I - Investment Restrictions and Powers".

**Use of the aforesaid techniques and instruments involves certain risks including potential risks of the reinvestment of cash (see "Appendix III – Risk Factors") and there can be no assurance that the objective sought to be obtained from such use will be achieved.**

## 2. Collateral Received in Relation to Financial Derivative Instruments and Financial Techniques

Assets received from counterparties in Securities Lending activities, Reverse Repurchase Transactions, and OTC derivative transactions other than currency forwards constitute collateral.

The Fund will only enter into transactions with counterparties which the Management Company believes to be creditworthy. The credit analysis of the counterparties is tailored to the intended activity and may include, but not limited to, a review of the management, liquidity, profitability, corporate structure, regulatory framework in the relevant jurisdiction, capital adequacy, and asset quality. Approved counterparties will typically have a public rating of A- or above. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. Furthermore, counterparties need to comply with prudential rules considered by the CSSF as equivalent to EU prudential rules. The counterparty does not have discretion over the composition or management of a Sub-Fund's portfolio or over the underlying of financial derivative instruments used by a Sub-Fund. Counterparty approval is not required in relation to any investment decisions made by a Sub-Fund.

Collateral will be acceptable if it is in the form of cash or securities that may have different maturities. Additional information will be available from the registered office of the Management Company.

The reinvestment of cash collateral received is restricted to high quality government bonds, deposits, Reverse Repurchase Transactions and short term money market funds, in order to mitigate the risk of losses on reinvestment. Non-cash collateral received will however not be sold, reinvested or pledged.

Where there is a title transfer, collateral received will be held by the Depositary (or sub-custodian on the behalf of the Depositary) on behalf of the relevant Sub-Fund in accordance with the Depositary's safekeeping duties under the Depositary Agreement. For other types of collateral arrangements, the collateral can be held by a third party custodian that is subject to prudential supervision by its regulator and unrelated to the provider of the collateral.

Collateral will be valued on each Valuation Day, using available market prices and taking into account appropriate discounts determined for each asset class, if any. The collateral will be marked to market daily and may be subject to daily variation margin requirements.

## **Appendix II – Sub-Fund Details**

### **GIM Specialist Investment Funds – GIM Global Investment Grade Aggregate Bond Fund**

#### **1. Reference Currency**

EUR

#### **2. Share Classes**

The Sub-Fund contains X Share Classes.

#### **3. Dividend Policy**

The Sub-Fund will issue Share Classes with the suffix "(acc)" and these Share Classes will not normally pay dividends.

#### **4. Sub-Fund Benchmark**

Bloomberg Barclays Global Aggregate Index (EUR hedged) (Total Return Gross).

#### **5. Investment Objective**

To achieve a return in excess of the benchmark by investing primarily in investment grade fixed and floating rate debt securities globally, using derivatives where appropriate.

#### **6. Investment Policy**

At least 67% of the Sub-Fund's total assets (excluding cash and cash equivalents) will be invested, either directly or through the use of financial derivative instruments, in a portfolio of investment grade fixed and floating rate debt securities globally. Issuers of these securities may be located in any country, including emerging markets.

The range of financial instruments that the Sub-Fund may invest in may include, but is not limited to; futures, options, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts and other fixed income, and credit derivatives. Financial derivative instruments may also be used for hedging purposes.

The Sub-Fund may invest a significant portion of its assets in covered bonds with a less significant exposure to other structured products.

The Investment Manager seeks to evaluate whether environmental, social and governance factors could have a material positive or negative impact on the cash flows or risk profiles of many issuers in which the Sub-Fund may invest. These determinations may not be conclusive and securities of issuers which may be negatively impacted by such factors may be purchased and retained by the Sub-Fund while the Sub-Fund may divest or not invest in securities of issuers which may be positively impacted by such factors.

The Sub-Fund may invest in onshore debt securities issued within the PRC through China-Hong Kong Bond Connect.

Short-term money market instruments and deposits with credit institutions may be held on an ancillary basis.

The Sub-Fund may also invest in UCITS and other UCIs.

Techniques and instruments relating to transferable securities and money market instruments may be used for the purpose of efficient portfolio management.

All of the above investments will be made in accordance with the limits set out in "Appendix I – Investment Restrictions and Powers".

## 7. Investor Profile

The Sub-Fund is intended for long-term investment. Investors should understand the risks involved, including the risk of losing all capital invested and must evaluate the Sub-Fund objective and risks in terms of whether they are consistent with their own investment goals and risk tolerances. The Sub-Fund is not intended as a complete investment plan.

## 8. Risk Profile

- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. These risks are typically increased for emerging market and below investment grade debt securities.
- In addition, emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non-emerging market and investment grade debt securities respectively.
- The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency.
- Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.
- Further information about risks can be found in "Appendix III – Risk Factors".

## 9. Share Classes, Fees and Expenses and Minimum Subscription and Holding Amounts

Share Class	Annual Management and Advisory Fee	Operating and Administrative Expenses	Redemption Charge	Minimum Subscription Amounts in EUR <sup>1</sup>	Minimum Subsequent Subscription Amounts in EUR <sup>1</sup>	Minimum Holding Amounts in EUR <sup>1</sup>
GIM Global Investment Grade Aggregate Bond - X	N/A	0.16% Max	Nil	On application	On application	On application

## 10. Leverage

The maximum level of leverage permitted in respect of the Sub-Fund is as follows:

- under the Gross Method is 500% of the Sub-Fund's Net Asset Value; and
- under the Commitment Method is 400% of the Sub-Fund's Net Asset Value.

In this context leverage means any method by which a Sub-Fund increases its exposure whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means, as defined in section "Leverage" in "Appendix I – Investment Restrictions and Powers".

<sup>1</sup> or its equivalent in the Reference Currency of the relevant Class.

**11. Determination of the Net Asset Value per Share**

The Net Asset Value per Share of each Share Class of this Sub-Fund will be determined on each Valuation Day. The Net Asset Value per Share of each Share Class, as at a Valuation Day will be calculated and will normally be available no later than the same Valuation Day.

**12. Applications for Subscriptions**

Applications for Subscription for Shares in the Sub-Fund can be made for each Dealing Day, to be received by the Management Company no later than 14:30 (CET) on that day. Applications for subscriptions received after this time will be dealt with on the following Dealing Day.

The Management Company reserves the right to accept or refuse any application in whole or in part and no reason need be given for non-acceptance.

**13. Payment of Subscription Price**

The full subscription price, and any applicable initial charge, must be received by the Management Company by the third day following the Dealing Day for the applicable subscription.

**14. Redemptions**

Any Shareholder may present his Shares for redemption in whole or in part on any Dealing Day to be received by the Management Company, no later than 14:30 (CET).

**15. Payment of Redemption Price**

The redemption price, representing the Net Asset Value per Share less any applicable Redemption Charge stated above under "8. Share Classes, Fees and Expenses and Minimum Subscription and Holding Amounts", will be paid in the Reference Currency of the relevant Share Class not later than 3 Business Days after the relevant Dealing Day.

**16. Redemption in Kind**

It is not the intention of the Management Company to accept applications for redemption in kind in this Sub-Fund.

**17. Investment Manager**

JPMorgan Asset Management (UK) Limited



# **GIM Specialist Investment Funds – GIM Global Research Enhanced Index Minimum Volatility Equity Fund**

## **1. Reference Currency**

EUR

## **2. Share Classes**

The Sub-Fund contains X Share Classes.

## **3. Dividend Policy**

The Sub-Fund will issue Share Classes with the suffix "(acc)" and these Share Classes will not normally pay dividends.

## **4. Sub-Fund Benchmark**

MSCI World Minimum Volatility Index (EUR) (Total Return Net).

## **5. Benchmark for Hedged Share Classes**

MSCI World Minimum Volatility Index (EUR) Euro Hedged (Total Return Net) for the EUR hedged share classes.

## **6. Investment Objective**

To achieve a long-term return in excess of the Sub-Fund Benchmark by investing primarily in a portfolio of companies, globally; the risk characteristics of the portfolio of securities held by the Sub-Fund will resemble the risk characteristics of the portfolio of securities held in the Sub-Fund Benchmark.

## **7. Investment Policy**

At least 67% of the Sub-Fund's total assets (excluding cash and cash equivalents) will be invested in equity and equity linked securities of companies, globally. Issuers of these securities may be located in any country, including emerging markets.

The Sub-Fund will be constructed primarily using the Sub-Fund Benchmark, aiming to overweight the securities in the Sub-Fund Benchmark with the highest potential to outperform and underweight the securities considered most overvalued.

Equity exposure may be achieved through investment in shares, depository receipts, warrants and other participation rights. Subject to the foregoing, equity exposure may also be achieved, to a limited extent, through investment in convertible securities, index and participation notes and equity linked notes.

The Investment Manager seeks to assess the impact of environmental, social and governance factors (including accounting and tax policies, disclosure and investor communication, shareholder rights and remuneration policies) on the cash flows of many companies in which it may invest to identify issuers that the Investment Manager believes will be negatively impacted by such factors relative to other issuers. These determinations may not be conclusive and securities of such issuers may be purchased and retained by the Sub-Fund.

Fixed and floating rate debt securities, cash and cash equivalents may be held on an ancillary basis.

The Sub-Fund may also invest in UCITS and other UCIs.

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

The Sub-Fund may invest in financial derivative instruments for hedging purposes and for efficient portfolio management. Techniques and instruments relating to transferable securities and money market instruments may be used for the purpose of efficient portfolio management.

All of the above investments will be made in accordance with the limits set out in "Appendix I – Investment Restrictions and Powers".

## 8. Investor Profile

The Sub-Fund is intended for long-term investment. Investors should understand the risks involved, including the risk of losing all capital invested and must evaluate the Sub-Fund objective and risks in terms of whether they are consistent with their own investment goals and risk tolerances. The Sub-Fund is not intended as a complete investment plan.

## 9. Risk Profile

- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The Sub-Fund seeks to provide a return above the benchmark; however the Sub-Fund may underperform its benchmark.
- 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 "Appendix III – Risk Factors".

## 10. Share Classes, Fees and Expenses and Minimum Subscription and Holding Amounts

Share Class	Annual Management and Advisory Fee	Operating and Administrative Expenses	Redemption Charge	Minimum Subscription Amounts in EUR <sup>1</sup>	Minimum Subsequent Subscription Amounts in EUR <sup>1</sup>	Minimum Holding Amounts in EUR <sup>1</sup>
GIM Global Research Enhanced Index Minimum Volatility Equity - X	N/A	0.16% Max	Nil	On application	On application	On application

- Currency Hedged Share Classes use Portfolio Hedge. See section "Currency Hedged Share Classes" in "Appendix III – Risk Factors" for further information on Hedged Share Classes.

## 11. Leverage

The maximum level of leverage permitted in respect of the Sub-Fund is as follows:

- under the Gross Method is 150% of the Sub-Fund's Net Asset Value; and
- under the Commitment Method is 150% of the Sub-Fund's Net Asset Value.

In this context leverage means any method by which a Sub-Fund increases its exposure whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means, as defined in section "Leverage" in "Appendix I – Investment Restrictions and Powers".

<sup>1</sup> or its equivalent in the Reference Currency of the relevant Class.

## **12. Determination of the Net Asset Value per Share**

The Net Asset Value per Share of each Share Class of this Sub-Fund will be determined on each Valuation Day. The Net Asset Value per Share of each Share Class, as at a Valuation Day will be calculated and will normally be available no later than the same Valuation Day.

### **Applications for Subscriptions**

Applications for Subscription for Shares in the Sub-Fund can be made for each Dealing Day, to be received by the Management Company no later than 14:30 (CET) on that day. Applications for subscriptions received after this time will be dealt with on the following Dealing Day.

The Management Company reserves the right to accept or refuse any application in whole or in part and no reason need be given for non-acceptance.

## **13. Payment of Subscription Price**

The full subscription price, and any applicable initial charge, must be received by the Management Company by the third day following the Dealing Day for the applicable subscription.

## **14. Redemptions**

Any Shareholder may present his Shares for redemption in whole or in part on any Dealing Day to be received by the Management Company, no later than 14:30 (CET).

## **15. Payment of Redemption Price**

The redemption price, representing the Net Asset Value per Share less any applicable Redemption Charge stated above under "9. Share Classes, Fees and Expenses and Minimum Subscription and Holding Amounts", will be paid in the Reference Currency of the relevant Share Class not later than 3 Business Days after the relevant Dealing Day.

## **16. Redemption in Kind**

It is not the intention of the Management Company to accept applications for redemption in kind in this Sub-Fund.

## **17. Investment Manager**

JPMorgan Asset Management (UK) Limited

## **GIM Specialist Investment Funds – GIM Multi Sector Credit Fund**

### **1. Reference Currency**

USD

### **2. Share Classes**

The Sub-Fund contains I and X Share Classes.

### **3. Dividend Policy**

The Sub-Fund will issue Share Classes with the suffix "(acc)" or "(div)".

Share Classes with the suffix "(acc)" will not normally pay dividends.

The Board of Directors intends to declare dividends to Shareholders of the Share Classes with the suffix "(div)" quarterly. It is intended that the "(div)" Share Classes will distribute net investment income attributable to each Share Class.

### **4. Investment Objective**

To achieve a total return over a full market cycle by exploiting investment opportunities in credit markets, globally.

### **5. Investment Policy**

This is an unconstrained Sub-Fund that will invest across credit markets and opportunistically in other debt markets globally. The Sub-Fund uses an investment process based on both fundamental and quantitative research to determine asset allocations, security selection and hedging strategies.

The Sub-Fund will invest in corporate debt instruments including, loans and covered bonds. The Sub-Fund may also invest opportunistically in other assets such as convertible bonds, asset-backed securities, mortgage-backed securities, debt securities of governments and their agencies, cash and cash equivalents and equity securities. There are no credit quality restrictions and issuers of these securities may be located in any country, including emerging markets.

The Investment Manager seeks to evaluate whether environmental, social and governance factors could have a material positive or negative impact on the cash flows or risk profiles of many companies in which the Sub-Fund may invest. These determinations may not be conclusive and securities of issuers which may be negatively impacted by such factors may be purchased and retained by the Sub-Fund while the Sub-Fund may divest or not invest in securities of issuers which may be positively impacted by such factors.

The Sub-Fund may invest in financial derivative instruments and may use short positions to achieve its investment objective. Such instruments will also be used for the purposes of hedging. These instruments may include, but are not limited to, futures, options, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts by private agreement and other fixed income, currency, equity and credit derivatives.

The Sub-Fund may hold up to a maximum of 20% of its assets in Contingent Convertible Securities.

The Sub-Fund may also invest in UCITS and other UCIs.

The Sub-Fund may invest in assets denominated in any currency. However a substantial part of the assets of the Sub-Fund is expected to be denominated in, or hedged into, USD.

## **6. Investor Profile**

The Sub-Fund is intended for long-term investment. Investors should understand the risks involved, including the risk of losing all capital invested and must evaluate the Sub-Fund objective and risks in terms of whether they are consistent with their own investment goals and risk tolerances. The Sub-Fund is not intended as a complete investment plan.

## **7. Risk Profile**

- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- The value of debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. These risks are typically increased for emerging market and below investment grade debt securities.
- In addition with the risks associated with debt securities, investments in loans may be subject to additional risks including, reduced market liquidity in extreme market conditions, counterparty risk due to extended settlement and prepayment risks.
- In addition, emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market and below investment grade debt securities may also be subject to higher volatility and lower liquidity than non-emerging market and investment grade debt securities respectively.
- The credit worthiness of unrated securities is not measured by reference to an independent credit rating agency.
- Asset-backed and mortgage-backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying asset are not met.
- Convertible bonds are subject to the risks associated with both debt and equity securities, and to risks specific to convertible securities. Their value may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer, the performance of the underlying equity and general financial market conditions. In addition, issuers of convertible bonds may fail to meet payment obligations and their credit ratings may be downgraded. Convertible bonds may also be subject to lower liquidity than the underlying equities.
- Contingent Convertible Securities are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuing company). This may be as a result of the security converting to equities at a discounted share price, the value of the security being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred.
- The Sub-Fund may be concentrated in industry sectors, markets and/or currencies. As a result, the Sub-Fund may be more volatile than more broadly diversified funds.
- The value of equity securities may go down as well as up in response to the performance of individual companies and general market conditions.
- 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.
- 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.
- 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 "Appendix III – Risk Factors".

## **8. Leverage**

The maximum level of leverage permitted in respect of the Sub-Fund is as follows:

- (a) under the Gross Method is 500% of the Sub-Fund's Net Asset Value; and
- (b) under the Commitment Method is 400% of the Sub-Fund's Net Asset Value.

In this context leverage means any method by which a Sub-Fund increases its exposure whether through borrowing cash or securities, or leverage embedded in derivative positions or by any other means, as defined in section "Leverage" in "Appendix I – Investment Restrictions and Powers".

## 9. Share Classes, Fees and Expenses and Minimum Subscription and Holding Amounts

Share Class	Annual Management and Advisory Fee	Operating and Administrative Expenses	Redemption Charge	Minimum Subscription Amounts in USD <sup>1</sup>	Minimum Subsequent Subscription Amounts in USD	Minimum Holding Amounts in USD
GIM Multi Sector Credit I	0.45%	0.11% Max	Nil	10,000,000	10,000,000	5,000,000
GIM Multi Sector Credit X	N/A	0.11% Max	Nil	On application	On application	On application

- Currency Hedged Share Classes use NAV Hedge. See section "Currency Hedged Share Classes" in "Appendix III – Risk Factors" for further information on Hedged Share Classes.

## 10. Dealing Day

A Dealing Day for this Sub-Fund is each Valuation Day including 31 December.

## 11. Valuation Day

A Valuation Day for this Sub-Fund is the fifteenth calendar day of each month and the last Business Day of each month. If the fifteenth calendar day of a given month is not a Business Day, the next following Business Day will be considered a Valuation Day

## 12. Determination of the Net Asset Value per Share

The Net Asset Value per Share of each Share Class of this Sub-Fund will be determined on each Valuation Day. The Net Asset Value per Share of each Share Class, as at a Valuation Day will be calculated and will normally be available the following day.

## 13. Applications for Subscriptions

Applications for Subscription for Shares in the Sub-Fund can be made for each Dealing Day, to be received by the Management Company no later than 14:30 (CET) 4 Business Days before the Dealing Day. Applications for subscriptions received after this time will be dealt with on the following Dealing Day.

The Management Company reserves the right to accept or refuse any application in whole or in part and no reason need be given for non-acceptance. In addition the Management Company will not accept requests for subscriptions of Shares from a credit institution, as defined in point 1 of Article 4 (1) of Regulation (EU) No 575/2013 which is authorised in a Member State of the European Union ("European Credit Institution"), investing on its own behalf and its own account or on behalf or for the benefit of a European Credit Institution investing as a beneficial owner.

For the purpose of the launch of the Sub-Fund, the Management Company may at its sole discretion decide to accept subscriptions at any other additional day which does not necessarily qualify as a Dealing Day.

<sup>1</sup> Or its equivalent in the Reference Currency of the relevant Class.

**14. Payment of Subscriptions Price**

The full subscription must be received by the Management Company by the third day following the Dealing Day for the applicable subscription.

**15. Redemptions**

Applications for Redemptions for Shares in the Sub-Fund can be made for each Dealing Day, to be received by the Management Company no later than 14:30 (CET) 4 Business Days before the Dealing Day. Applications for redemptions received after this time will be dealt with on the following Dealing Day.

**16. Payment of Redemption Price**

Redemptions will normally be paid in the Reference Currency of the relevant Share Class no later than 7 Business Days following the relevant Dealing Day.

**17. Redemption in Kind**

The Management Company may at its sole discretion accept applications for redemption in kind in this Sub-Fund.

**18. Investment Manager**

J.P. Morgan Investment Management Inc.

## Appendix III – Risk Factors

**The information contained in this Appendix should be read in conjunction with the full text of the Prospectus of which this forms an integral part.**

Investment in the Fund carries a number of risks including all material risks that are known to the Fund which are referred to below. No assurance can be given that Shareholders will realise a profit on, or recover the value of, their investment. The Shares are only suitable for prospective investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Fund, for whom an investment in the Shares would be of a long-term nature and constitutes part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Fund. Prospective investors should review this document carefully and in its entirety and consult with their professional advisers regarding the Shares.

### **General**

The following statements are intended to inform investors of the uncertainties and risks associated with investments and transactions in transferable securities and other financial instruments. Investors should remember that the price of Shares and any income from them may fall as well as rise and that Shareholders may not get back the full amount invested. Past performance is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment. Where the currency of the relevant Sub-Fund varies from the investor's home currency, or where the currency of the relevant Sub-Fund varies from the currencies of the markets in which this Sub-Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the investor greater than the usual risks of investment.

Whilst the Fund has been established for an unlimited period, the Fund, a Sub-Fund or certain Share Classes may be liquidated or merged under certain circumstances which are detailed further under sections "3.9 Liquidation of the Fund" and "3.10 Merger & Liquidation of the Sub-Funds". The costs and expenses of any such liquidation or merger may be borne by the Fund or relevant Sub-Fund or Share Class up to the fixed or capped level of Operating and Administrative Expenses as specified in the Prospectus for the relevant Share Class or may be borne by the Management Company. Any unamortized costs resulting from the closure may be charged as an expense in full against the assets of the relevant Sub-Fund. Also, the amount distributed to Shareholders may be less than their original investment.

If a large proportion of the Shares of a Sub-Fund are held by a small number of Shareholders, or a single Shareholder, including funds or mandates over which the Investment Managers or their affiliates have investment discretion, the Sub-Fund is subject to the risk that these Shareholder(s) redeem their Shares in large amounts. These transactions could adversely affect the Sub-Fund's ability to conduct its investment policies and / or the Sub-Fund becomes too small to operate efficiently and needs to be liquidated or merged.

To the extent that a particular Sub-Fund has an Investment Manager, the risks set forth below that relate to the Investment Manager shall be deemed to include references also to the Investment Manager.

### ***Investment Objective***

Investors should be fully aware of the investment objectives of the Sub-Funds as these may state that the Sub-Funds may invest on a limited basis in areas which are not naturally associated with the name of the relevant Sub-Fund. These other markets and/or assets may act with more or less volatility than the core investments and performance will, in part, be dependent on these investments. All investments involve risks and there can be no guarantee against loss resulting from an investment in any Shares, nor there can be any assurance that a Sub-Fund's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objectives disclosed.

### ***Suspension of Share dealings***

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see Section 2.7, "Redemption of Shares").



***Shareholders may be adversely affected by currency movements***

A substantial portion of the investments in the Sub-Funds' portfolios may be denominated in other currencies than the Sub-Fund's or Share Class Reference Currency. The value of such assets may be affected favourably or unfavourably by fluctuations in currency exchange rates. Currency movements may contribute to a decrease in the relevant Sub-Fund's Net Asset Value. The Investment Manager reserves the right to engage in currency hedging to limit the Sub-Funds' exposure to currency fluctuations. Currency hedging by the Investment Manager may be by means of spot and forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect. The success of any hedging or other derivative transactions that the Fund may enter into will generally depend on its ability to correctly predict market changes. As a result, while the Fund may enter into, for a particular Share Class of a Sub-Fund, or for a Sub-Fund, such transactions in order to reduce its exposure to currency fluctuations, unanticipated market changes may result in poorer overall investment performance than if such transactions had not been executed. The Fund is also subject to the risk that counterparties in any hedging or other derivative transactions will be unable or unwilling to perform on their obligations. The Fund's counterparty risk may increase as credit and liquidity have become constrained in global financial markets. There can be no assurance that currency hedging will be effective and that a Sub-Funds' financial condition will not be adversely affected by fluctuations in currency exchange rates. Furthermore, if any of the Fund's counterparties were to default on their obligations under derivative contracts, it could have a material adverse effect on such Sub-Funds' portfolio. Investments made by the Sub-Funds may be made in currencies other than the Euro or US Dollar and proceeds from the disposal of certain investments in the Sub-Funds' portfolio may be realised in currencies other than the Euro or US Dollar. Consequently, the value of the investments in the Sub-Funds' portfolios in non-Euro or non-US Dollar securities will be affected by currency movements and will fall as the Euro or US Dollar appreciates against the currency in which such investments are denominated.

***The Sub-Fund is subject to various direct and indirect credit risks***

Credit risk is the risk that an issuer or counterparty to a transaction entered into by the Fund on behalf of the Sub-Funds or one of the investments in the Sub-Funds' portfolios will be unable or unwilling to meet a commitment that it has entered into with the Fund or the investment in the Sub-Fund's portfolio. In respect of credit risk arising from cash and cash equivalents, the Fund's direct or indirect exposure (as appropriate) to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

***Operational and reputational risks may disrupt the Sub-Funds' businesses, result in losses or limit the Sub-Funds' growth***

The Sub-Funds rely heavily on the Investment Manager's and administrative agent's financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, the Sub-Funds could suffer financial loss, a disruption of its businesses, liability to its funds, regulatory intervention or reputational damage. In addition, the Fund operates in businesses that are highly dependent on information systems and technology. A disaster or a disruption in the infrastructure that supports the Fund's businesses, including a disruption involving electronic communications or other services used by the Investment Manager or third parties with whom the Fund conducts business, or directly affecting its principal offices, could have a material adverse impact on its ability to continue to operate the Sub-Funds' businesses without interruption. The Fund's disaster recovery programmes may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Sub-Funds for its losses, if at all. It is also possible that, from time to time, the Investment Manager or the Fund will be named as parties to litigation, which could cause substantial reputational damage to the Fund or disrupt the Sub-Funds' investment strategies, businesses or potential growth.

***Investments in emerging market securities may involve significant risks not typically associated with investing in more established economies or securities markets***

Investing in emerging market securities involves risks and special considerations not typically associated with investing in more established economies or securities markets. The economies of individual emerging market countries may differ with respect to growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Existing and prospective investors should note that each country has different standards of regulation with respect to matters such as government approval requirements, insider trading rules, restrictions on market manipulation, shareholder proxy requirements and timely disclosure of information. Risks may include:

- the risk of nationalisation or expropriation of assets or confiscatory taxation;
- social, economic and political uncertainty, including war;
- dependence on exports and the corresponding importance of international trade and commodities prices;
- less liquidity of securities markets;
- currency exchange rate fluctuations, controls on investment and limitations on repatriation of invested capital and the ability to exchange local currencies for hard currency;
- potentially higher rates of inflation (including hyper-inflation);
- a higher degree of governmental involvement in and control over the economies, including in relation to support for economic reform programmes and imposition of central planning;
- less extensive regulatory oversight of securities markets and differences in auditing and financial reporting standards, which may result in the unavailability of material financial or business information;
- less stringent corporate governance, resulting in less fiduciary duties for officers and directors and less protection of investors;
- longer settlement periods for securities transactions and certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories; and
- little, if any, legal protection for investors, including the Fund and the investments in the Sub-Funds' portfolios, in the event of bankruptcy or insolvency of an investment.

The materialisation of one or more of these risks could cause any of Sub-Funds' investments in emerging market securities to fail, which could have a material adverse effect on the Sub-Funds' profitability and Net Asset Value. This risk will not affect the Fund's ability to comply with its obligations as set out in the disclosure and transparency rules.

#### ***Investment in the People's Republic of China (PRC)***

Investing in the PRC is subject to the risks of investing in emerging markets (please refer above to the section titled "Investment in emerging market securities may involve significant risks not typically associated with investing in more established economies or securities markets" in this Appendix III – Risk Factors) and additionally risks which are specific to the PRC market.

The economy of the PRC is in a state of transition from a planned economy to a more market oriented economy and investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention.

In extreme circumstances, the Sub-Funds may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution and settlement of trades.

Investments by Sub-Funds in the domestic securities of the PRC denominated in CNY (onshore RMB) will be made through the Qualified Foreign Institutional Investor or through the Renminbi Qualified Foreign Institutional Investor. All Hong Kong and overseas investors in the China-Hong Kong Stock Connect Programmes will trade and settle Securities in CNH (offshore RMB) only. Such Sub-Funds and Share Classes will be exposed to any fluctuation in the exchange rate between the Reference Currency of the relevant Sub-Fund and CNY (onshore RMB) or CNH (offshore RMB) in respect of such investments.

#### ***China-Hong Kong Stock Connect Programmes***

All Sub-Funds which can invest in China may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect and other similarly regulated programmes subject to any applicable regulatory limits. The China-Hong Kong Stock Connect Programmes are securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), the Shanghai Stock Exchange ("SSE") and similar Stock Exchanges in mainland China, and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. These programmes will allow foreign investors to trade certain China A-Shares listed on mainland stock exchanges, including but not limited to SSE, through their Hong Kong based brokers.

The Sub-Funds seeking to invest in the domestic securities markets of the PRC via the China-Hong Kong Stock Connect Programmes are subject to the following additional risks:

**General Risk:** The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the Sub-Funds. The programmes require use of new information technology systems which may be subject to operational risk due to its cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong and Shanghai and any other markets through the programmes could be disrupted.

**Clearing and Settlement Risk:** The HKSCC and ChinaClear have established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

**Legal/Beneficial Ownership:** Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local Central Securities Depositories, HKSCC and ChinaClear.

As in other emerging and less developed markets (please refer above to the section titled "Investment in emerging market securities may involve significant risks not typically associated with investing in more established economies or securities markets" in this Appendix III – Risk Factors), the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to China-Hong Kong Stock Connect Programmes securities held through them and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of China-Hong Kong Stock Connect Programmes securities would have full ownership thereof, and that those China-Hong Kong Stock Connect Programmes securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Sub-Funds and the Depositary cannot ensure that the Sub-Funds ownership of these securities or title thereto is assured.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Sub-Funds will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Sub-Funds suffer losses resulting from the performance or insolvency of HKSCC.

In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Sub-Funds may not fully recover their losses or their China-Hong Kong Stock Connect Programmes securities and the process of recovery could also be delayed.

**Operational Risk:** The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, pre-delivery of shares are required to the broker, increasing counterparty risk. Because of such requirements, the Sub-Funds may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner.

**Quota Limitations:** The programmes are subject to quota limitations which may restrict the Sub-Funds ability to invest in China A-Shares through the programmes on a timely basis.

**Investor Compensation:** The Sub-Fund will not benefit from local investor compensation schemes.

China-Hong Kong Stock Connect Programmes will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in each respective market are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Sub-Funds cannot carry out any China A-Shares trading. The Sub-Funds may be subject

to risks of price fluctuations in China A-Shares during the time when a China-Hong Kong Stock Connect Programme is not trading as a result.

***China Interbank Bond Market***

Investments in onshore debt securities issued within the PRC through China-Hong Kong Bond Connect is subject to regulatory change and operational constraints which may result in increased counterparty risk. China-Hong Kong Bond Connect establishes mutual trading links between the bond markets of mainland China and Hong Kong. This programme allows foreign investors to trade in the China Interbank Bond Market through their Hong Kong based brokers. To the extent a Sub-Fund through China-Hong Kong Bond Connect it will be subject to the following additional risks:

***Regulatory Risk***

Current rules and regulations may change and have potential retrospective effect which could adversely affect the Sub-Fund.

***Investor Compensation***

The Sub-Fund will not benefit from investor compensation schemes either in mainland China or Hong Kong.

***Operating Times***

Trading through China-Hong Kong Bond Connect can only be undertaken on days when both the PRC and Hong Kong markets are open and when banks in both markets are open on the corresponding settlement days. Accordingly the Sub-Fund may not be able to buy or sell at the desired time or price.

***Investments in publicly traded securities may suffer reductions in valuations owing to factors outside of the Fund's control***

The market prices and values of publicly traded securities (including both debt and equity) may be volatile and are likely to fluctuate due to a number of factors beyond the control of the Fund, such as economic recessions, business downturns and adverse market conditions, including the recent turmoil in global financial markets, actual or anticipated fluctuations in the quarterly, half-yearly or annual results of the companies issuing such securities or of other companies in the industries in which they operate, market perceptions, general economic, social or political developments, changes in government regulation, the general state of the securities markets and other material events, such as significant management changes, re-financings, acquisitions and dispositions.

***Collateral Risk***

Although collateral may be taken to mitigate the risk of a counterparty default, there is a risk that the collateral taken, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability. This may be due to factors including inaccurate pricing of collateral, adverse market movements in the value of collateral, deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Please also refer to paragraph "Liquidity Risk" below in respect of liquidity risk which may be particularly relevant where collateral takes the form of securities.

Where a Sub-Fund is in turn required to post collateral with a counterparty, there is a risk that the value of the collateral the Sub-Fund places with the counterparty is higher than the cash or investments received by the Sub-Fund.

In either case, where there are delays or difficulties in recovering assets, collateral posted with counterparties, or realising collateral received from counterparties, the Sub-Funds may encounter difficulties in meeting redemption or purchase requests or in meeting delivery or purchase obligations under other contracts.

As a Sub-Fund may reinvest cash collateral it receives under Securities Lending, there is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance the Sub-Fund would be required to cover the shortfall.

As collateral will take the form of cash or certain financial instruments, the market risk is relevant. Collateral received by a Sub-Fund may be held either by the Depositary or by a third party custodian. In either case there may be a risk of loss where such assets are held in custody resulting from events such as the insolvency or negligence of a Depositary or sub-custodian.

### ***Liquidity Risk***

Certain Sub-Funds may invest in instruments where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by those Sub-Funds may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be few willing buyers and the investments cannot be readily sold at the desired time or price, and those Sub-Funds may have to accept a lower price to sell the investments or may not be able to sell the investments at all. Trading in particular securities or other instruments may be suspended or restricted by the relevant exchange or by a governmental or supervisory authority and a Sub-Fund may incur a loss as a result. An inability to sell a portfolio position can adversely affect those Sub-Funds' value or prevent those Sub-Funds from being able to take advantage of other investment opportunities.

Liquidity risk also includes the risk that those Sub-Funds 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, those Sub-Funds may be forced to sell investments, at an unfavourable time and/or conditions.

Investment in debt securities, small and mid-capitalization stocks and emerging market issuers 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 debt securities may affect the liquidity of investments in debt securities. Other market participants may be attempting to sell debt securities at the same time as a Sub-Fund, causing downward pricing pressure and contributing to illiquidity. The ability and willingness of bond dealers to "make a market" in debt securities may be impacted by both regulatory changes as well as the growth of bond markets. This could potentially lead to decreased liquidity and increased volatility in the debt markets.

### ***Counterparty Risk***

In entering into transactions which involve counterparties (such as OTC derivatives, Securities Lending or Reverse Repurchase Transactions), there is a risk that a counterparty will wholly or partially fail to honour its contractual obligations. In the event of a bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of the investment during the period in which the Depositary seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. A Sub-Fund may only be able to achieve limited or, in some circumstances, no, recovery in such circumstances.

In order to mitigate the risk of counterparty default, the counterparties to transactions may be required to provide collateral to cover their obligations to the Depositary. In the event of default by the counterparty, it would forfeit its collateral on the transaction. However, the taking of collateral does not always cover the exposure to the counterparty. If a transaction with a counterparty is not fully collateralised, then the Sub-Fund's credit exposure to the counterparty in such circumstance will be higher than if that transaction had been fully collateralised. Furthermore, there are risks associated with collateral and investors should consider the information provided at paragraph "Collateral Risk" above.

Further information regarding counterparty risk in the context of OTC derivative transactions is set out in paragraph "Risks relating to derivatives" below.

### ***Legal Risk – OTC Derivatives, Reverse Repurchase Transactions, Securities Lending and Re-used Collateral***

There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in tax or accounting laws. In such circumstances, a Sub-Fund may be required to cover any losses incurred.

Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by English Law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.

#### ***Reverse Repurchase Transactions***

In the event of the failure of the counterparty with which cash has been placed, there is the risk that the value of the collateral received may be less than the cash placed out which may be due to factors including inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Locking cash in transactions of significant size or duration, delays in recovering cash placed out, or difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests or fund security purchases. As a Sub-Fund may reinvest any cash collateral received from sellers, there is a risk that the value on return of the reinvested cash collateral may decline below the amount owed to those sellers.

#### ***LIBOR Discontinuance or Unavailability Risk***

The LIBOR rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. The regulatory authority that oversees financial services firms and financial markets in the U.K. has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining the LIBOR rate. As a result, it is possible that commencing in 2022, LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain loans, notes, derivatives and other instruments or investments comprising some or all of a Sub-Fund's portfolio. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBOR. There is no assurance that the composition or characteristics of any such alternative reference rate will be similar to or produce the same value or economic equivalence as LIBOR or that it will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which may affect the value or liquidity or return on certain investments and result in costs incurred in connection with closing out positions and entering into new trades. These risks may also apply with respect to changes in connection with other interbank offering rates (e.g., Euribor).

#### ***Sustainability risk***

Sustainability risk is defined in the EU Sustainable Finance Disclosure Regulation as “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment”. The Management Company considers sustainability risk as risks that are reasonably likely to materially negatively impact the financial condition or operating performance of a company or an issuer and therefore the value of that investment.

In addition to a material negative impact on the value of a Sub-Fund, Sustainability risk may increase a Sub-Fund's volatility and / or magnify pre-existing risks to the Sub-Fund.

Sustainability risk may be particularly acute if it occurs in an unanticipated or sudden manner and it may also cause investors to reconsider their investment in the relevant Sub-Fund and create further downward pressure on the value of the Sub-Fund.

Evolving laws, regulations and industry norms may impact on the sustainability of many companies / issuers, particularly in respect of environmental and social factors. Any changes to such measures could have a negative impact on the relevant companies / issuers which may result in a material loss in value of an investment in them.

Sustainability risk may impact a specific country, region, company or issuer or have a broader impact regionally or globally and adversely impact markets or issuers across several countries or regions. Assessment of sustainability risk requires subjective judgements, which may include consideration of third party data that is incomplete or inaccurate. There can be no guarantee that the Investment Manager will correctly assess the impact of sustainability risk on the Sub-Fund's investments.

The Management Company has adopted a policy in respect of the integration of sustainability risks in the investment decision-making process for all actively managed strategies, including all Sub-Funds, with the purpose (at a minimum and where reasonably possible / practicable) of identifying and acting to manage and mitigate these risks. Further information on this policy is available on the website ([www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu)).

All Sub-Funds are exposed to sustainability risks to a varying degree. The likely impacts of sustainability risks on the returns of a Sub-Fund are assessed in reference to the Investment Manager's approach to sustainability risk management in the Sub-Fund's investment process. The results of this assessment are set out below.

- For those Sub-Funds in sustainable categories (e.g. Best-In-Class) sustainability risks are considered to have a lower likely impact on their returns relative to other Sub-Funds. This is due to the sustainability risk mitigating nature of their investment strategies which may implement exclusions, forward looking investment policies seeking sustainable financial return and active engagement with companies / issuers.
- For all other Sub-Funds which have sustainability risks integrated in their investment decision-making process, sustainability risk is considered to have a moderate / higher likely impact on their returns relative to the Sub-Funds referred to above.
- For those Sub-Funds which do not have sustainability risks integrated in their investment decision-making process, sustainability risk is considered to have the highest likely impact on their returns relative to other Sub-Funds.

As at the date of this Prospectus, all Sub-Funds fall into the middle category above and have sustainability risks integrated in their investment decision-making process.

As at the date of this Prospectus, the Management Company does not consider the adverse impacts of investment decisions or investment advice on sustainability factors in accordance with SFDR as the regulatory rules have not yet been finalised.

#### **Risks relating to the Investment Manager**

The Alternative Investment Fund Managers Directive, 2011/61/EU, (the "AIFM Directive") entered into force on 21 July 2011 was implemented in Luxembourg by the law of 12 July 2013 on alternative investment fund managers. The AIFM Directive regulates managers of alternative investment funds that are not Undertakings for the Collective Investment of Transferable Securities ("UCITS") but which are marketed or managed in the EU. The AIFM Directive restricts the Management Company, the Fund and the Sub-Fund from engaging in certain activities and imposes certain other requirements that may restrict their operations and increase the operating expenses of the Fund and the Sub-Fund. The Management Company is required to provide to regulators, among other things, information regarding the liquidity of the Fund's and the Sub-Fund's assets and information regarding the Fund's and Sub-Fund's risk profile, leverage, if any, and the Fund's and the Sub-Fund's risk management systems on an ongoing basis. The Management Company is also required to provide to regulators information regarding the main categories of assets in which the Fund or the Sub-Fund has invested. The AIFM Directive also introduced certain specific rules for private equity funds restricting the Fund's and the Sub-Fund's ability to "asset strip" unlisted target companies of which the Fund or the Sub-Fund acquires control (whether individually or jointly with a third party) and requiring the Management Company to provide notices to the shareholders of such target companies in respect of, without limitation, its intentions with regard to the future business of the target company and any likely repercussions on employees of the target company. The Management Company needs to use best efforts to ensure that the employees of such target company are also so notified by the company's directors. In addition, the Management Company is required to comply with minimum initial and ongoing capital requirements. The AIFM Directive also requires the Management Company to periodically conduct regular "stress tests" in respect of the Fund and the Sub-Fund that allows it to monitor the Fund's and Sub-Fund's liquidity risk, which may increase its operating expenses. In addition, the AIFM Directive requires that an independent depositary is appointed for the Fund or the Sub-Fund, whose primary responsibility will be to safe-keep the Fund's and the Sub-Fund's assets, including verification of the Fund's and Sub-Fund's ownership of such assets. A depositary is also required to perform or oversee various additional functions that may not be currently performed by the Depositary. Although the AIFM Directive does not impose any specific limits on leverage, it does require that internal leverage limits are set for the Fund and the Sub-Fund. Additional restrictions are imposed on the Management Company's and the

Investment Manager's respective abilities to delegate the portfolio and risk management of the Fund and the Sub-Fund, including to its affiliates. Delegation to non-EU investment managers requires such delegates to comply with certain additional requirements of the AIFM Directive.

***Dodd-Frank Wall Street Reform and Consumer Protection Act***

Changes to US federal banking laws are relevant to JPMorgan Chase & Co. and its affiliates ("JPM") and are relevant to the Fund and its investors. On 21 July 2010, the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act includes certain provisions (known as the "Volcker Rule") that restrict the ability of a banking entity, such as JPM, from acquiring or retaining any equity, partnership or other ownership interest in, or sponsoring, a hedge fund or private equity fund (a "covered fund") and prohibit certain transactions between covered funds and JPM.

On 10 December 2013, the FDIC, the Federal Reserve Board, the Office of the Comptroller of the Currency, the SEC and the CFTC issued final regulations implementing the Volcker Rule (the "final regulations").

The final regulations are likely to be adverse to the operation and management of certain non-U.S. funds considered "Covered Funds", including non-U.S. private funds that are offered exclusively to non-U.S. persons, such as the Fund. The final regulations, among other things, (1) prohibit banking entities, such as JPM, from acquiring or retaining any equity or other ownership interest in the Fund, except for a *de minimis* investment (generally an investment by JPM in a hedge fund or private equity fund will be considered *de minimis* if the investment is not more than three percent of the total ownership interests of a Sub-Fund and is immaterial to JPM (as defined by the Volcker Rule); but in no case may the aggregate of all of the interests attributed to JPM in all such funds exceed three percent of the Tier 1 capital of JPM and calculated pursuant to the final regulations, (2) prohibit directors and employees of JPM not directly engaged in providing investment advisory or other services to the Fund from taking or retaining any equity or other ownership interest in the Fund and limit or prohibit the ability of employees of JPM and their investment vehicles from investing in or co-investing with the Fund, (3) require that the name of the Fund be changed to remove any reference to JPM, (4) result in the carried interest allocated to the special carry member (if any) being potentially restructured as an incentive fee, and (5) prohibit certain "covered transactions" (generally the extension of any credit) between the Fund and any JPM entity. In addition, JPM will not be permitted to deviate from the fees and expenses contractually agreed between the Fund and JPM in the governing documents of the Fund. Further, no transaction, class of transactions or activity will be permitted if (i) it would involve or result in a "material conflict of interest" (as such term is defined in the final regulations between JPM and its clients, customers or counterparties; (ii) it would result, directly or indirectly, in a material exposure by the banking entity to a high-risk asset or a high-risk trading strategy; or (iii) it poses a threat to the safety and soundness of the banking entity or to the financial stability of the United States.

The Volcker Rule became effective on 21 July 2012 and the final regulations became effective on 1 April 2014, subject to a conformance period. Other than with respect to certain "legacy" investments in and relationships with covered funds and foreign funds that were in place before 31 December 2013 ("legacy covered funds"), all of a banking entity's activities, investments and transactions with or involving a covered fund (other than an investment in or a relationship with a legacy covered fund) must be in conformance with the Volcker Rule and the final regulations by 21 July 2015. On 7 July 2016, the Federal Reserve Board issued an order extending the conformance period with respect to legacy covered funds to 21 July 2017. After 21 July 2017, all of a banking entity's activities, investments and transactions with or involving any covered fund, including a legacy covered fund, must be in conformance with the Volcker Rule and the final regulations.

Where JPM is a shareholder in the Fund as a result of its contribution of seed capital at the launch of a Sub-Fund, it may be required to reduce its ownership interests in a Sub-Fund at a time that is sooner than would otherwise be desirable. This may require the sale of portfolio securities, which may result in losses, increased transaction costs and adverse tax consequences. The ongoing viability of a Sub-Fund may be adversely impacted by the anticipated or actual redemption of shares owned by JPM which could result in its liquidation.

Due to the prohibition on certain transactions between the Fund and JPM, there may be certain investment opportunities, investment strategies or actions that the Management Company will not



undertake on behalf of the Fund. A fund that is not advised or sponsored by JPM may not be subject to those considerations.

Investments in the Fund are not deposits or obligations of, or guaranteed or endorsed in any way by, the Management Company, JPMorgan Chase & Co. Chase Bank, N.A., JPMorgan Chase & Co. or any other bank.

None of the Investment Manager, Management Company, JPMorgan Chase Bank, N.A. or any other JPM entity, the U.S. Federal Deposit Insurance Company or any other bank or governmental agency, directly or indirectly, guarantees, assumes or otherwise insures the obligations or performance of the Fund or of any other fund or company in which the Fund or any subsidiary of the Fund invests.

Any losses in the Fund will be borne solely by investors in the Fund and not by JPM, JPMorgan Chase Bank, N.A., the Management Company, or any other JPM entity; therefore, losses in the Fund will be limited to losses attributable to the ownership interests in the Fund held by JPM in its capacity as an investor in the Fund.

The Management Company believes that it may perform the services for the Fund contemplated herein without violation of applicable banking laws and regulations. However, it is possible that future changes or clarifications in statutes, regulations or interpretations concerning the permissible activities of bank holding companies, as well as further judicial or administrative decisions and interpretations of present or future statutes or regulations could restrict (or possibly prevent) the Management Company from continuing to perform such services for the Fund in the manner currently contemplated. In such event, the Management Company and the Fund may agree to alter or restrict the exercise of the powers of the Management Company to the extent necessary to permit it to continue to serve the Fund, while enabling the Fund to continue to achieve its purposes and objectives.

***The Fund will be treated as an affiliated entity for purposes of Sections 23A of the Federal Reserve Act, which may restrict the Fund's dealings with JPMorgan and/or its subsidiaries.***

JPMorgan Chase & Co. is subject to regulation under U.S. state and federal law, including the U.S. Bank Holding Company Act of 1956, as amended (the "BHCA"). The Fund and any other companies controlled by Shareholders who control the Fund are affiliates, within the meaning of the Federal Reserve Act, of JPMorgan Chase & Co. and its subsidiaries. JPMorgan Chase & Co.'s authority to engage in transactions with its "affiliates" is limited by Section 23A, which places limits on the amount of:

- JPMorgan Chase & Co's loans or extensions of credit to affiliates;
- JPMorgan Chase & Co's bank's investment in affiliates;
- assets JPMorgan Chase & Co may purchase from affiliates;
- the amount of loans or extensions of credit to third parties collateralised by the securities or obligations of affiliates; and
- JPMorgan Chase & Co.'s guarantee, acceptance or letter of credit issued on behalf of an affiliate.

The total amount of the above transactions is limited in amount, as to any one affiliate, to ten (10) per cent of JPMorgan's capital and surplus and, as to all affiliates combined, to 20 per cent of JPMorgan's capital and surplus. In addition to the limitation on the amount of these transactions, certain of the transactions above (those including an extension of credit) also meet specified collateral requirements. These requirements may restrict the Fund's dealings with JPMorgan and its subsidiaries.

Because the Fund may be deemed to be indirectly controlled by JPMorgan Chase & Co. for purposes of the BHCA, any Sub-Fund may be limited in investment activities, including the amount of any Sub-Fund's equity investment in a particular issuer, as well as the length of time that any Sub-Fund may hold such investment. During any time that the Fund (or any Sub-Fund) is deemed "controlled", for purposes of calculating maximum permitted ownership under various statutes, positions held by the controlled Sub-Fund will be aggregated with positions held by JPMorgan Chase & Co., entities controlled by JPMorgan Chase & Co. and certain accounts managed by affiliates of JPMorgan Chase & Co.

## **Risks relating to the Shares**

***The Net Asset Value of the Fund may fluctuate significantly and investors could lose all or part of their investment.***

The Net Asset Value may fluctuate significantly and Shareholders may not be able to redeem their Shares at or above the price at which they purchased them. Factors that may cause the Net Asset Value to vary include:

- changes in the Fund's financial performance;
- changes in the underlying values and trading volumes of the investments that the Fund makes;
- the termination of the Investment Management Agreement or the departure of some or all of the Investment Manager's investment professionals;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to the Fund;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism, environmental disasters, natural disasters or events, country instability, infectious disease epidemics or pandemics and responses to such events; and
- poor performance of the Investment Manager's affiliated products and the potential negative publicity associated therewith.

For example, an outbreak of COVID-19, a coronavirus disease, has negatively affected economies, markets and individual companies throughout the world, including those in which the Sub-Fund may invest. The effects of this pandemic, and other epidemics and pandemics that may arise in the future, may presently and/or in the future have a significant negative impact on the value of the Sub-Fund's investments, increase the Sub-Fund's volatility, negatively impact the Sub-Fund's pricing, magnify pre-existing risks to the Sub-Fund, lead to temporary suspensions or deferrals on the calculation of NAVs and interrupt the Fund's operations. The full impact of the COVID-19 pandemic is currently unknown.

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the Net Asset Value of the Shares. Furthermore, investors should be aware that a liquid secondary market in the Shares cannot be assured.

### ***Risk to Capital Growth***

Certain Share Classes may pay dividends from capital as well as from investment income and realised and unrealised capital gains. Whilst this might allow more income to be distributed, it will also have the effect of reducing capital and the potential for long-term capital growth. Investors should note that if the payment of dividends from capital occurs it will result in a further reduction in the value of their Shares.

### ***Currency Hedged Share Classes***

Investors should be aware that, whilst the intention will be to systematically hedge (i) the value of the net assets in the Reference Currency of the relevant Sub-Fund (NAV Hedge) or (ii) the currency exposure of certain (but not necessarily all) assets of the relevant Sub-Fund (Portfolio Hedge) into the Reference Currency of the currency Hedged Share Class, the currency hedging process may not give a precise hedge. Furthermore, there is no guarantee that the hedging will be totally successful.

Certain Sub-Funds may also invest in currency derivatives, with the aim of generating returns at the portfolio level. This is indicated in the Sub-Fund's investment policy and only occurs where the Hedged Share Class uses NAV Hedge. Accordingly, whilst the hedging seeks to minimise the effect of exchange rate fluctuations between the Reference Currency of the Sub-Fund and that of the Hedged Share Class, there may be currency risk in the portfolio.

Investors in the currency Hedged Share Classes may have exposure to currencies other than the currency of their Share Class and may also be exposed to the risks associate with the instruments used in the hedging process.

### ***Spill-Over Risk related to Hedged Share Classes***

As there is no legal segregation of assets and liabilities between different Share Classes in the same Sub-Fund, there is a risk that, under certain circumstances, hedging transactions relating to Hedged Share Classes could have an adverse impact on other Share Classes in the same Sub-Fund. Although spill-over risk will be mitigated, it cannot be fully eliminated, as there may be circumstances where it is not possible or practical to do so. For example, where the Sub-Fund needs to sell securities to fulfil financial obligations specifically related to the Hedged Share Classes and such actions adversely affect the Net Asset Value of the other Share Classes in the Sub-Fund.

A list of Share Classes with a potential spill-over risk is available on the website [www.jpmorganassetmanagement.com/EUalternatives](http://www.jpmorganassetmanagement.com/EUalternatives)

### **Risks relating to taxation**

#### ***Changes in taxation legislation may adversely affect the Fund***

Any change in the Fund's tax status, or in taxation legislation or practice in either Luxembourg or elsewhere, could affect the value of the investments in the Fund's portfolio and the Fund's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of UK Shareholders are based upon current UK tax law and published practice, which law and practice are in principle subject to change (potentially with retrospective effect) that could adversely affect the ability of the Fund to meet its investment objective. Existing and prospective investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Fund.

#### ***Tax within the PRC***

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice on any Sub-Fund's investments in the PRC. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. The Management Company reserves the right to provide for tax on gains of any Sub-Fund that invests in PRC securities thus impacting the valuation of the Sub-Fund. Except for gains from China A-Shares which are specifically exempt under a temporary exemption from the EITL, a tax of 10% is fully provided for all PRC-sourced income (including gains from PRC securities, dividends and interest) until sufficient clarity is given by the PRC authorities to exempt specific types of PRC-sourced income (e.g., gains from PRC bonds).

With the uncertainty over whether and how certain gains on PRC securities are to be taxed, coupled with the possibility of the laws, regulations and practice in the PRC changing, and also the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company may be excessive or inadequate to meet final PRC tax liabilities on gains derived from the disposal of PRC securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they subscribed and/or redeemed their Shares in/from the Sub-Funds. Please refer to "7. Taxation – 7.4 Taxation of Chinese Assets" for further information.

### **Risks relating to derivatives**

#### ***Risks Relating to Futures and Options***

Certain Sub-Funds may use options and futures on commodities, securities, and indices, as described in "Appendix II – Sub-Fund Details". Also, where appropriate, a Sub-Fund may hedge market, currency and interest rate risks using futures, options or forward foreign exchange contracts. In order to facilitate efficient portfolio management and to better replicate the performance of the benchmark, the Fund may finally, for a purpose other than hedging, invest in derivative instruments. The Fund may only invest within the limits set out in "Appendix I - Investment Restrictions and Powers".

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

#### ***Risk Relating to Commodity Futures***

Whilst it is the intention that a Sub-Fund dealing in futures contracts on commodities will sell the contract prior to the settlement date of the contract so as to not take physical delivering of the underlying commodity, there is a risk that in unforeseen circumstances this may happen. Should this occur, there may be financial and tax implications for the Sub-Fund which may impact the Net Asset Value of the Sub-Fund.

#### ***Sub-Funds Investing in Commodity Index Instruments***

Investments which provide exposure to commodities involve additional risks than those resulting from traditional investments. More specifically, political, military and natural events may influence the production and trading of commodities and, as a consequence, influence financial instruments which grant exposure to commodities; terrorism and other criminal activities may have an influence on the availability of commodities and therefore also negatively impact financial instruments which grant exposure to commodities.

#### ***Leverage***

Due to the low margin deposits normally required in trading derivative instruments, an extremely high degree of leverage is typical for trading in derivatives instruments. As a result, a relatively small price movement in a derivative contract may result in substantial losses to the investor. Investment in derivative transactions may result in losses in excess of the amount invested.

#### ***Short Selling Risk***

Certain Sub-Funds may take short positions on a security through the use of derivatives in the expectation that their value will fall in the open market. 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 also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.

#### **Particular Risks of Exchange Traded Derivative Transactions**

##### ***Suspensions of Trading***

Each securities exchange market typically has the right to suspend or limit trading in all securities which it lists. Such a suspension would render it impossible for the Fund, to liquidate positions and, accordingly, expose the relevant Sub-Fund to losses and delays in its ability to redeem Shares.

#### **Particular Risks of OTC Derivative Transactions**

##### ***Absence of regulation; counterparty default***

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, Total Return Swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, any Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that it will sustain losses. A Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses as a result.

***Liquidity; requirement to perform***

From time to time, the counterparties with which the Fund effects transactions on behalf of a Sub-Fund might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction in currencies, credit default swaps or Total Return Swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Fund's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Fund may be required, and must be able, to perform its obligations under the contracts.

***Necessity for counterparty trading relationships***

As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. The Fund may, but does not currently intend to, enter into transactions on the basis of credit facilities established on behalf of any company within JPMorgan Chase & Co. While the Fund and the Investment Manager believe that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the OTC market and other counterparty markets (including credit default swaps, Total Return Swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Fund's counterparty credit risk, limit its operations and could require the Fund to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

***Impact of margin requirements***

In the context of derivative transactions entered at a Sub-Fund or Share Class level, the Sub-Fund may be required to place initial and/or variation margin with its counterparty. Consequently, the Sub-Fund may be required to hold a proportion of its assets in cash or other liquid assets to satisfy any applicable margin requirements for the Sub-Fund or the Hedged Share Classes. This may have a positive or negative impact on the investment performance of the Sub-Fund or the Hedged Share Classes.

***Risks related to Bond Instruments***

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In a historically low interest environment, risks associated with rising interest rates are heightened.

The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Fund may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Sub-Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

***Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS)***

Certain Sub-Funds may have exposure to a wide range of asset-backed securities (including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralised mortgage obligations and collateralised debt obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds.

ABS and MBS are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets such as residential or commercial mortgages, motor vehicle loans or credit cards.

ABS and MBS are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

### ***High Yield Bonds***

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Compared to investment grade bonds, high yield bonds are normally lower-rated securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

### ***Investment Grade Bonds***

Certain Sub-Funds may invest in investment grade bonds. Investment grade bonds are assigned ratings within the top rating categories by rating agencies (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 assigned ratings and bonds may therefore be downgraded in rating if economic circumstances impact the relevant bond issues. Unrated onshore Chinese bond issues may be deemed investment grade to the extent that their corresponding offshore Chinese bond issues/issuers benefit from an international investment grade rating by at least one independent international rating agency, if determined to be equivalent.

### ***Unrated Bonds***

Certain Sub-Funds may invest in debt securities which do not have a rating issued by an independent rating agency. In such instances, the credit worthiness of such securities will be determined by the investment manager as at the time of investment.

Investment in an unrated debt security will be subject to those risks of a rated debt security of comparable quality. For example, an unrated debt security of comparable quality to a debt security rated below investment grade will be subject to the same risks as a below investment grade rated security.

### ***Contingent Convertible Securities***

A Contingent Convertible Security is subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the Contingent Convertible Security may be converted to equity, potentially at a discounted price. Coupon payments on Contingent Convertible Securities are discretionary and may also be cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of Contingent Convertible Securities may suffer a loss of capital when comparable equity holders do not. In addition the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies. There is no guarantee that the amount invested in a Contingent Convertible Security will be repaid at a certain date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.

### ***Sub-Funds Investing in Participation Notes***

Investment in Participation Notes involves an OTC transaction with a third party. Therefore Sub-Funds investing in Participation Notes are exposed not only to movements in the value of the underlying equity, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the equity.

### ***Loan Instruments Risk***

Loan instruments, like most other debt obligations, are subject to the risk of default. The values of loan instruments of borrowers that have filed for bankruptcy protection or that are experiencing payment difficulty could be affected by, among other things, the assessment of the likelihood that the lenders

ultimately will receive repayment of the principal amount of such loan instruments, the likely duration, if any, of a lapse in the scheduled payment of interest and repayment of principal and prevailing interest rates. There is no assurance that a Sub-Fund that invests in loan instruments will be able to recover any amount on loan instruments of such borrowers.

In the case of loan instruments secured by the assets of a borrower, there is no assurance that sale of such assets would raise enough cash to satisfy the borrower's payment obligation or that the collateral can or will be liquidated. In the event of bankruptcy, liquidation may not occur and the bankruptcy court may not give lenders the full benefit of their senior positions. If the terms of a loan instrument do not require the borrower to pledge additional collateral in the event of a decline in the value of the original collateral, a Sub-Fund that invests in such instruments will be exposed to the risk that the value of the collateral will not at all times equal or exceed the amount of the borrower's obligations under the loan instruments. To the extent that a loan instrument has the benefit of the pledge of the stock in the borrower or its subsidiaries, such stock may lose all of its value in the event of bankruptcy of the borrower. Unsecured loan instruments involve a greater risk of loss.

An assignment by a lender or other third party of its rights in a senior loan generally allows the purchasing party to obtain all of the rights of a lender. In some cases, however, the assignment may be of a more limited nature and the purchaser may have no contractual relationship with the borrower. In such instances, the purchaser would be required to rely on the lender or other third party from which it acquired the assignment to demand payment and enforce its rights under the loan.

A participation is an interest in a senior loan acquired from a lender or other third party. Payment of principal and interest received by the selling participant are passed through to the holder of the participation. When the purchaser acquires a participation it will have a contractual relationship with the selling participant but not the borrower. As a result, the purchaser assumes the credit risk of the borrower, the selling participant and any other prior selling participant, and may be subject to delays, expenses and risks that are greater than those that would be involved if the purchaser could enforce its rights directly against the borrower or through the agent.

#### **Risks relating to Service Providers**

##### ***Limited Liability of the Management Company and the service providers and indemnification obligations of the Fund***

The agreement entered into between the Fund and the Management Company limits the liability of the Management Company except where the Management Company has not fulfilled or properly fulfilled its obligations or duties. That agreement also requires the Fund to indemnify the Management Company in certain specified circumstances.

The liability of the various service providers to the Fund that either the Fund or the Management Company has appointed is limited to direct losses arising from situations in which those service providers have performed their obligations negligently, with wilful default or fraud.

The agreement entered into between the Depositary and the Fund requires the Fund to indemnify the Depositary in certain specified circumstances.

In calculating the Net Asset Value of each Sub-Fund the Administrative Agent may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, vendors of financial models, brokers, market makers or intermediaries, the Investment Manager, and any administrator or valuations agent of other collective investments into which the applicable Sub-Fund invests.

To the extent that the Administrative Agent relies on information supplied by the Investment Manager or any brokers or other financial intermediaries in connection with calculating the Net Asset Value of any Sub-Fund, the Administrative Agent's liability for the accuracy of such calculation is limited to the accuracy of its computations. The Administrative Agent is not liable for the accuracy of the underlying data provided to it.

In respect of any information supplied by a third party selected and appointed by the Administrative Agent, the Administrative Agent shall select such third party with due care and diligence. The Administrative Agent shall use reasonable care in its review and application of information supplied by such third party.

***A material fall in the value of the assets in a Sub-Fund's portfolio may lead to the winding-up of the relevant Sub-Fund***

If there is a material fall in the value of the assets in a Sub-Fund's portfolio, the Fund may find that such Sub-Fund's asset base is so small that it is impracticable for the Sub-Fund (and the Fund to the extent that only one Sub-Fund is issued) to continue in existence. For instance, this may occur if a Sub-Fund's operating costs significantly exceed its income and no prospect of recovery in asset values can be expected within a reasonable period. In this event, the Board of Directors may resolve that this Sub-Fund (or the Fund, as appropriate) should be wound up voluntarily and may then convene an extraordinary general meeting for that purpose. In that event, the Board of Directors will instruct the Investment Manager to commence an orderly realisation of the investments of the Sub-Fund and to distribute the proceeds of such realisations to Shareholders as they become available. It is envisaged that this orderly realisation process may take several years following its commencement and could be at a value substantially lower than the Net Asset Value provided at the time the wind up is announced.



## Appendix IV – Calculation of Performance Fees

**The information contained in this Appendix should be read in conjunction with the full text of the Prospectus of which this forms an integral part.**

In respect of certain Sub-Funds and certain Share Classes, the Management Company is entitled to receive from the net assets of each Sub-Fund or Share Class an annual performance – based incentive fee (the "Performance Fee") which if applicable will be calculated and accrued each Valuation Day and payable at the end of the Financial Year. The rate at which the Performance Fee shall be applied (the "Performance Fee Rate") for each Sub-Fund is set out in the table for that Sub-Fund in "Appendix II – Sub-Fund Details" under "Performance Fees".

There are two Performance Fee mechanisms that may be employed in respect of the Fund – the "High Water Mark" and the "Claw-Back" mechanisms. Both mechanisms seek to ensure that the Management Company cannot earn a Performance Fee as a consequence of previous underperformance against the performance fee benchmark (the "Performance Fee Benchmark") – i.e. where there is a period of under performance against the Performance Fee Benchmark following payment of a Performance Fee, it is not possible for any Performance Fee to be earned until that underperformance, adjusted for any dividend paid, has been recovered, as set out in detail below.

The key differences between the two Performance Fee mechanisms are:

- The Claw-Back mechanism may accrue a Performance Fee where there is negative return, provided that the performance exceeds the Performance Fee Benchmark return since the last time a Performance Fee was paid.
- The High Water Mark mechanism introduces an additional requirement that a Performance Fee may only be accrued where the Net Asset Value per Share is higher than the greater of the Net Asset Value per Share at launch of the Share Class, and the Net Asset Value per Share at which the last Performance Fee was paid.

For Sub-Funds where the Performance Fee Benchmark is a cash benchmark, the High Water Mark mechanism will be employed.

Where a Performance Fee is applicable on any Sub-Fund, the Performance Fee mechanism applied is stated in the table for that Sub-Fund in "Appendix II – Sub-Fund Details" under "Performance Fees".

Pursuant to the provisions of the relevant investment management agreement, the Investment Manager may be entitled to receive the whole or part of the Performance Fee from the Management Company.

### 1.1 Share Class Return

On each Valuation Day, the "Adjusted Net Asset Value" is calculated in respect of each Share Class of any Sub-Fund for which a Performance Fee applies. The Adjusted Net Asset Value of the relevant Share Class is the net asset value (which includes an accrual for all fees and expenses, including the Annual Management and Advisory Fee, and the Operating and Administrative Expenses to be borne by the relevant Share Class at the rate set out in "Appendix II – Sub-Fund Details" to this Prospectus), adjusted for any dividend distributions and any subscriptions and redemptions dealt with on that Valuation Day, and any Performance Fee accrued throughout that Valuation Day.

The "Share Class Return" is calculated on each Valuation Day, as the difference between the net asset value (adjusted by adding back any accrued Performance Fee) on such day and the Adjusted Net Asset Value on the previous Valuation Day, expressed as a percentage of the previous Valuation Day's Adjusted Net Asset Value for that Share Class.

### 1.2 Benchmark Return

Where the Performance Fee Benchmark is not a cash benchmark, the "Benchmark Return" is determined on each Valuation Day by taking the percentage difference between the Performance Fee Benchmark on such Valuation Day and the Performance Fee Benchmark on the previous Valuation Day.

For X Class Shares, the Benchmark Return is determined on each Valuation Day by taking the percentage difference between the Performance Fee Benchmark on such Valuation Day and the Performance Fee Benchmark on the previous Valuation Day, plus (0.75% divided by 365) multiplied by the actual number of calendar days since the last Valuation Day.

Where the Performance Fee Benchmark is a cash benchmark, the "Benchmark Return" is determined on each Valuation Day by multiplying the Performance Fee Benchmark which prevailed on the previous Valuation Day, by the actual number of days elapsed since the previous Valuation Day divided by the number of days in the year according to market convention for that Performance Fee Benchmark.

For X Class Shares, the Benchmark Return is determined on each Valuation Day by multiplying (Performance Fee Benchmark + 0.75%) which prevailed on the previous Valuation Day by the actual number of days elapsed since the last Valuation Day divided by the number of days in the year according to market convention for that Performance Fee Benchmark. The Performance Fee Benchmark is determined on the basis of quotations available from independent sources, rounded upwards to the nearest four decimal places and computed in accordance with prevailing market practices.

The adjustment to the Benchmark Return in respect of X Class Shares is made to take into account the alternative charging structure of the X Class of Shares, where no Annual Management and Advisory Fee is included in the Net Asset Value per Share. Without such an adjustment, Shareholders in the X Class of Shares would be disadvantaged in so far as the performance of the X Class of Shares does not reflect any Annual Management and Advisory Fee (or any other agreed charging structure) payable. The adjustment to the Benchmark Return will reduce the **Excess Return** (as defined below) to place the Shareholders in the X Class of Shares in a similar position in terms of Performance Fee accrual, as if the X Class of Shares included an Annual Management and Advisory Fee of 0.75% per annum.

### **1.3 Excess Return**

On any Valuation Day, the "Excess Return" is the difference between the Share Class Return and the Benchmark Return. If however on any Valuation Day the difference between the Share Class Return and the Benchmark Return exceeds the difference between the cumulative Share Class Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged, or if no Performance Fee has previously been charged, the launch date of the Share Class) and the cumulative Benchmark Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged, or if no Performance Fee has previously been charged, the launch date of the Share Class), then the Excess Return for that Valuation Day is given by the difference between the cumulative Share Class Return and the cumulative Benchmark Return.

Additionally, if on any Valuation Day the difference between the cumulative Share Class Return and the cumulative Benchmark Return is zero or negative then the Excess Return for that Valuation Day will be zero – i.e. Excess Return can never be negative.

### **1.4 High Water Mark Return**

Where the "High Water Mark" mechanism applies, the high water mark is the point after which a Performance Fee becomes payable. The high water mark will be the higher of the Net Asset Value per Share at launch of the Share Class and the Net Asset Value per Share at which the last Performance Fee has been paid.

The "High Water Mark Return" is defined as the return necessary from the first Valuation Day of the Financial Year, to equal the Net Asset Value per Share of each Class of each Sub-Fund on the last Valuation Day of the last Financial Year in which a Performance Fee was charged. If no Performance Fee has been charged since the launch of the Share Class, the High Water Mark Return is the return necessary to equal the initial Net Asset Value per Share of the relevant Share Class.

### **1.5 Performance Fee Accruals – Claw-Back Mechanism**

The "Periodic Performance Fee Accrual" is calculated each Valuation Day, and is equal to the Performance Fee Rate multiplied by the Excess Return multiplied by the previous Valuation Day's Adjusted Net Asset Value for that Share Class.

No Performance Fee will accrue unless the cumulative Share Class Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged) exceeds the cumulative Benchmark Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged).

If no Performance Fee has been charged since the launch of a Share Class, no Performance Fee will accrue until such time as the cumulative Share Class Return (since the launch of that Share Class) exceeds the cumulative Benchmark Return since the launch of that Share Class.

Subject to the provisions of the "Claw-Back Mechanism" described above, if on any Valuation Day the Share Class Return exceeds the Benchmark Return, the Performance Fee accrual is increased by the amount of the Periodic Performance Fee Accrual. If, however, on any Valuation Day the Share Class Return does not exceed the Benchmark Return, the Performance Fee accrual is correspondingly reduced by the amount of that Valuation Day's Periodic Performance Fee Accrual. The Performance Fee accrual will never be reduced below zero.

The Performance Fee accrued on any Valuation Day is reflected in the Net Asset Value per Share on the basis of which subscriptions and redemptions may be accepted.

#### **1.6 Performance Fee Accruals – High Water Mark Mechanism**

The Periodic Performance Fee Accrual is calculated each Valuation Day, and is equal to the Performance Fee Rate multiplied by the Excess Return multiplied by the previous Valuation Day's Adjusted Net Asset Value for that Share Class.

No Performance Fee will accrue unless both: (i) the cumulative Share Class Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged) exceeds the cumulative Benchmark Return (since the last Valuation Day of the last Financial Year for which a Performance Fee was charged); and (ii) the cumulative Share Class Return (since the start of the current Financial Year) exceeds the High Water Mark Return.

If no Performance Fee has been charged since the launch of a Share Class, no Performance Fee will accrue until such time as the cumulative Share Class Return (since the launch of that Share Class) exceeds the cumulative Benchmark Return (since the launch of that Share Class), and the cumulative Share Class Return (since the start of the current Financial Year) exceeds the High Water Mark Return.

Subject to the provisions of the High Water Mark mechanism described above, if on any Valuation Day the Share Class Return exceeds the Benchmark Return, the Performance Fee accrual is increased by the amount of the Periodic Performance Fee Accrual. If, however, on any Valuation Day the Share Class Return does not exceed the Benchmark Return, the Performance Fee accrual is correspondingly reduced by the amount of that Valuation Day's Periodic Performance Fee Accrual. The Performance Fee accrual will never be reduced below zero.

The Performance Fee accrued on any Valuation Day is reflected in the Net Asset Value per Share on the basis of which subscriptions and redemptions may be accepted.

#### **1.7 Effect of Performance Fee Accruals**

##### ***Funds for which Valuation Days are typically Daily***

The Performance Fee is calculated on each Valuation Day but is accrued within the Net Asset Value per Share one day in arrears (that is, on the Valuation Day after the relevant Valuation Day). Consequently, during periods of market volatility, unusual fluctuations may occur in the Net Asset Value per Share of each Share Class for which a Performance Fee is charged. These fluctuations may happen where the impact of a Performance Fee causes the Net Asset Value per Share to be reduced whilst the returns from underlying assets have increased. Conversely, the impact of a negative Performance Fee can cause the Net Asset Value per Share to be increased whilst the underlying assets have decreased.

##### ***Funds for which Valuation Days are typically less frequent than Daily***

The Performance Fee is calculated on each Valuation Day, and is accrued within the Net Asset Value per Share for that Valuation Day.

### **1.8 Computation of Performance Fees**

Performance Fees are calculated by the Administrative Agent and audited annually by the independent auditors of the Fund. The Board may make such adjustments of accruals as it deems appropriate to ensure that the accrual represents fairly and accurately the Performance Fee liability that may eventually be payable by the Sub-Fund or Share Class to the Management Company.

### **1.9 Annual Payment of Performance Fees**

The annual Performance Fee payable is equal to the Performance Fee accrued through to close of business on the last Valuation Day of the Fund's accounting year. Performance Fees payable to the Management Company in any accounting year are not refundable in any subsequent accounting years.

In the case of liquidation or merger of a Sub-Fund to which a Performance Fee is applicable, the Performance Fee will be paid on the last Valuation Day before its liquidation or merger.