

# **JPMORGAN ETFS (IRELAND) ICAV**

## **Carbon Transition China Equity (CTB) UCITS ETF**

**13 October 2022**

(A sub-fund of JPMorgan ETFS (Ireland) ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C171821 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 21 March 2022, as amended by the Addendum to the Prospectus dated 21 July 2022 (the “Prospectus”) in relation to JPMorgan ETFS (Ireland) ICAV (the “ICAV”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the JPMorgan ETFS (Ireland) ICAV – Carbon Transition China Equity (CTB) UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

The Sub-Fund is an Index Tracking Sub-Fund.

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

The Directors, as listed in the “*Management*” section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

<b>Base Currency</b>	US Dollar.
<b>Dealing Deadline</b>	16:30 hrs (UK time) on the Business Day immediately prior to each Dealing Day.
<b>EU Climate Benchmarks Regulation</b>	Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.
<b>Index</b>	Solactive J.P.Morgan Asset Management China Carbon Transition Index.
<b>Index Provider</b>	Solactive AG.
<b>Investment Manager</b>	JPMorgan Asset Management (UK) Limited, 60 Victoria Embankment, London EC4Y 0JP, the United Kingdom, whose business includes the provision of investment management services.
<b>Minimum Subscription Amount</b>	80,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	80,000 Shares (for in specie redemptions) or cash equivalent (for cash redemptions).
<b>Paris Agreement</b>	The Paris Agreement is an agreement among the leaders of over 180 countries to reduce greenhouse gas emissions and limit the global temperature increase to below 2 degrees Celsius (3.6 F) above pre-industrial levels by the year 2100.
<b>Settlement Deadline</b>	Appropriate cleared subscription monies / securities must be received by the second Business Day after the Dealing Day, or such later date as may be determined by the ICAV and notified to Shareholders from time to time.
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the “ <i>Determination of Net Asset Value</i> ” section of the Prospectus, using the same prices as the Index: closing mid-market pricing, or where available, last traded prices.
<b>Valuation Point</b>	Close of business on each Business Day on the market that closes last on the relevant Business Day and on which the relevant security or investment is traded.
<b>Website</b>	<a href="http://www.jpmorganassetmanagement.ie">www.jpmorganassetmanagement.ie</a>

## INVESTMENT OBJECTIVE AND STRATEGY

**Investment Objective.** The Sub-Fund seeks to provide returns that correspond to those of its Index.

**Investment Policy.** The Sub-Fund aims to track the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index) as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index.

The Index is comprised of large and mid-capitalisation Chinese equity securities listed in Hong Kong, Shanghai, Shenzhen and outside of the People's Republic of China (PRC) (the "**Index Securities**"). The components of the Index are selected from the components of the Solactive GBS China Large & Mid Cap USD Index (the "**Investable Universe**") in accordance with the Index's rules-based methodology which is summarised below. The constituents of the Index may be subject to change over time. The Index rebalances on a quarterly basis (as referred to under "*Index Tracking Risk*" in the Prospectus). Further details on the Index and the Investable Universe, including their methodology, components and performance, are available at <https://www.solactive.com/indices/?index=DE000SL0GMR0>.

The Index aims to meet the requirements for EU Climate Transition Benchmarks as defined in the EU Climate Benchmarks Regulation and provide lower carbon emission exposure relative to the Investable Universe with a view to achieving the long-term global warming objectives of the Paris Agreement. In particular, the Index aims to achieve a reduction of the greenhouse gas intensity of the Index of at least 7% on average per annum and an overall reduction of the greenhouse gas intensity of the Index compared to the Investable Universe of at least 30%. Greenhouse gas intensity means greenhouse gas emissions divided by enterprise value including cash.

The Index is designed to capture the performance of companies which have been identified through its rules-based process as best positioned to benefit from a transition to a low carbon economy by effectively managing their emissions, resources and climate-related risks. The Index applies this rules-based non-financial analysis process to all Index Securities as further described below. At least 80% of the Index will qualify as sustainable investments, as defined under the SFDR.

### *Index construction*

The Index methodology applies values and norms based screening to implement exclusions including, for example, identifying issuers that are involved in the manufacturing of controversial weapons (such as cluster munitions, depleted uranium ammunition and armour or anti-personnel mines), thermal coal and tobacco among others. Values based screening assesses issuers against key environmental, social and governance ("ESG") values, such as environmental damage and production of controversial weapons, while norms based screening assesses issuers against internationally accepted principles such as the UN Global Compact. To support this screening, the Index Provider relies on third party provider(s) who identify an issuer's participation in or the revenue which they derive from activities that are inconsistent with the values and norms based screens.

The Index fully excludes companies that are involved with certain industries (such as controversial weapons, white phosphorus and nuclear weapons) to any extent and issuers with severe violations of the [UN Global Compact](#). For certain other industries the Index applies maximum percentage thresholds on revenue or production which are derived from certain industries (such as conventional weapons, tobacco production, thermal coal and revenue from the nuclear weapons industry), above which issuers are also excluded. Further details on the screening process, including revenue thresholds, can be found in the Index methodology.

The Index then uses a three-step, rules based approach. First, the sector weights are allocated in accordance with the Investable Universe. Second, all remaining eligible companies are evaluated through the use of JPMorgan Asset Management's proprietary research and third party data and allocated an aggregate score derived from the following three scores: (i) emissions score (how effectively the company is managing emissions on site, as well as through its provision of products and services), (ii) resource management score (how effectively the company is managing the resources which it consumes such as electricity, water and waste), and (iii) risk management score (how effectively the company is managing its physical risks and reputational risks). Finally, the companies are re-weighted relative to the weights that they have in the Investable Universe based on their aggregate score, leading to companies with higher scores having a higher weighting in the Index and similarly those with lower scores having a lower weighting in the Index.

The Sub-Fund will aim to replicate the Index by holding all of the Index Securities in a similar proportion to their weighting in the Index.

As far as possible and practicable, the Investment Manager will aim to invest in issuers in a similar proportion to that of the Index. It may not be possible for the Sub-Fund to invest in every Index Security and the Sub-Fund may invest in bonds not in the Index (but with the same characteristics and risk profile as the Index Securities) of issuers comprising the Index. As a result, the Sub-Fund may only hold a certain sub-set of Index Securities.

Although the Index is generally well diversified, due to the nature of the market which the Index reflects, it may have a higher concentration in certain constituents at any one time. In particular, in order for the Sub-Fund to track the Index accurately, the Sub-Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Sub-Fund to hold positions in individual constituents of the Index issued by the same issuer of up to 20% of the Sub-Fund's Net Asset Value.

The Sub-Fund may hold securities which are not constituents of the Index where such securities provide similar exposure and risk profiles to the relevant Index Securities.

The Sub-Fund has sustainable investment as its objective and invests at least 80% of assets, excluding cash, cash equivalents (such as certificates of deposit and commercial paper), money market funds and financial derivative instruments for efficient portfolio management, in sustainable investments, as defined under the SFDR and based on the Investment Manager's scoring methodology.

The Sub-Fund systematically includes ESG criteria in investment analysis and investment decisions on at least 90% of securities purchased (excluding cash).

The Sub-Fund may invest in assets denominated in any currency and currency exposure will not typically be hedged.

**Instruments / Asset Classes.** The Sub-Fund will invest primarily in equity securities issued by large and mid-capitalisation Chinese companies listed in Hong Kong, Shanghai, Shenzhen and outside of the PRC which may include A-Shares, B-shares, H-shares, Red-chips, P-chips, and foreign listings (e.g. ADRs and GDRs). P Chips are shares in private sector companies with a majority of their business operations in mainland China and controlling private Chinese shareholders, which are incorporated outside of mainland China and traded on the Hong Kong Stock Exchange in Hong Kong Dollars. Red Chips are shares in companies with a majority of their business operations in mainland China which are controlled by the central, provincial or municipal governments of China, whose shares are traded on the Hong Kong Stock Exchange in Hong Kong Dollars.

The Sub-Fund may hold ancillary liquid assets (deposits, certificates of deposit, commercial paper and money market funds) in accordance with the UCITS Regulations.

The Sub-Fund will not invest more than 10% of its Net Asset Value in other regulated, open-ended collective investment schemes, including ETFs and money market funds, as described under *“Investment in Other Collective Investment Schemes”* in the *“Investment Objectives and Policies”* section of the Prospectus.

**Use of FDI and Risk Management.** In addition, the Sub-Fund may, for efficient portfolio management purposes, use financial derivative instruments (**“FDI”**) primarily to manage the Sub-Fund’s cash balances or cash flows or hedge specific risks. Any use of FDI by the Sub-Fund shall be limited to (i) index futures in respect of UCITS eligible equity indices (ii) forward foreign exchange contracts (including non-deliverable forwards); and (iii) warrants. FDI are described under *“Use of Financial Derivative Instruments”* in the *“Investment Objectives and Policies”* section of the Prospectus.

For information in relation to the difficulties associated with tracking indices, please refer to *“Index Tracking Risk”* in the *“Risk Information”* section of the Prospectus. It is currently anticipated that the tracking error of the Sub-Fund will be up to 100 bps under normal market conditions. The causes of tracking error can include but are not limited to the following: holdings / size of the Sub-Fund, cash flows, such as any delays in investing subscription proceeds into the Sub-Fund or realising investments to meet redemptions, fees and the frequency of rebalancing against the Index.

**Portfolio Holding Disclosure Policy.** The Sub-Fund will publicly disclose its complete holdings on a daily basis. Details of the Sub-Fund’s holdings and full disclosure policy may be found on the Website.

**Fund Classification – German Investment Tax Act.** The Sub-Fund intends to qualify as an “Equity Fund” in accordance with the partial exemption regime and will invest more than 50% of its Net Asset Value on a continuous basis directly in equities as defined in the German Investment Tax Act.

## **INVESTMENT RISKS**

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

The value of equities may go down as well as up in response to the performance of individual companies and general market conditions, sometimes rapidly or unpredictably. If a company goes through bankruptcy or a similar financial restructuring, its shares in issue typically lose most or all of their value.

To the extent that the Sub-Fund uses FDI, the risk profile and the volatility of the Sub-Fund may increase. That notwithstanding, the risk profile of the Sub-Fund is not expected to significantly deviate from that of the Index as a result of its use of FDI. For information in relation to risks associated with the use of FDI, please refer to “*Derivative Risks*” in the “*Risk Information*” section of the Prospectus.

Since the instruments held by the Sub-Fund may be denominated in currencies other than the Base Currency, the Sub-Fund may be affected unfavourably by exchange control regulations or fluctuations in currency rates. For this reason, changes in currency exchange rates can affect the value of the Sub-Fund's portfolio and may impact the value of the Shares.

The exclusion of companies that do not meet certain ESG criteria from the Sub-Fund's Investable Universe, through the screening performed as part of the index methodology described above, may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

The Sub-Fund will invest in Chinese securities through the China-Hong Kong Stock Connect Programmes which are subject to regulatory change, quota limitations and also operational constraints (as set out in the Prospectus) which may result in increased counterparty risk.

Movements in currency exchange rates can adversely affect the return of your investment. RMB is currently not a freely convertible currency and is subject to exchange controls and restrictions. The Sub-Fund's investments via China-Hong Kong Stock Connect may be adversely affected by movements of exchange rates between RMB and other currencies. There can be no assurance that the RMB exchange rate will not fluctuate widely against US Dollar or any other currency in the future. Any depreciation of the RMB will decrease the value of RMB denominated assets, which may have a detrimental impact on the performance of the Sub-Fund.

The RMB is traded in both the onshore and offshore markets. While both CNY and CNH represent the same currency, they are traded in different and separate markets which operate independently. Therefore, CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When calculating the Net Asset Value per Share of a non-RMB denominated Class, the Administrator will apply the exchange rate for the offshore RMB market in Hong Kong, i.e. the CNH exchange rate, which may be at a premium or discount to the exchange rate for the onshore RMB market in the PRC, i.e. the CNY exchange rate.

The Sub-Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Sub-Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index.

Due to the composition of the Index, the Sub-Fund's portfolio may be more concentrated geographically than other Sub-Funds with more diversified portfolios and may, consequently, be subject to greater volatility than such Sub-Funds.

Further information about risks can be found in the "Risk Information" section of the Prospectus.

## 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.

Typical investors in the Sub-Fund are expected to be those who seek exposure to the markets covered by the Index with values and norms based screening of the Investable Universe and seek to invest in companies best positioned to benefit from a transition to a low carbon economy.

## SUBSCRIPTIONS – PRIMARY MARKET

Accumulating Share Classes and Distributing Share Classes are available for subscription in the Sub-Fund in an unhedged USD denominated class and in Currency Hedged Share Classes denominated in any currency listed in the "*Classes of Shares*" section of the Prospectus. Currency Hedged Share Classes are available to launch at the discretion of the Management Company. Following the Closing Date, a complete list of Share Classes may be obtained from the Website, the registered office of the ICAV or the Management Company.

Shares will be available from 9 am (UK time) on 14 October 2022 to 4.30 pm (UK time) on 13 April 2023 or such earlier or later date as the Directors may determine (the "**Offer Period**"). During the Offer Period, the Initial Offer Price is expected to be approximately USD 25 per Share (together with any applicable Duties and Charges) or its equivalent in the class currency of the relevant Share Class except in the case of MXN Share Classes where the Initial Offer Price is expected to be MXN 9000 (together with any applicable Duties and Charges). The actual Initial Offer Price per Share may vary from its estimated price depending on movements in the value of the securities between the date of this Supplement and the date that the Offer Period closes. The actual Initial Offer Price per Share will be available from the Administrator and on the Website following the Closing Date.

After the Closing Date, Shares will be issued on each Dealing Day at the appropriate Net Asset Value per Share with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Investors may subscribe for Shares for cash or in kind in respect of each Dealing Day by making an application by the relevant Dealing Deadline in accordance with the requirements set out in this section and in the "*Purchase and Sale Information*" section of the Prospectus. Consideration in the form of cleared subscription monies/securities must be received by the applicable Settlement Deadline. Subscription applications may be made on any Business Day and will be processed in line with the next applicable Dealing Deadline following receipt.

Currency Hedged Share Classes will use the Portfolio Hedge methodology. Please refer to the "*Currency Hedging at Share Class Level*" section in the "*Investment Objectives and Policies*" section of

the Prospectus and “*Currency Hedged Share Classes*” section in the “*Risk Information*” section of the Prospectus for further information on Currency Hedged Share Classes.

## **REDEMPTIONS – PRIMARY MARKET**

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Net Asset Value per Share, subject to an appropriate provision for Duties and Charges, provided that a valid redemption request from the Shareholder is received by the Management Company by the relevant Dealing Deadline in respect of the Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. Settlement will normally take place within two Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline. Redemption requests may be made on any Business Day and will be processed in line with the next applicable Dealing Deadline following receipt.

## **FEES AND EXPENSES**

The TER for all Share Classes will be up to 0.35% per annum of the Net Asset Value.

Further information in this respect is set out in the “*Fees and Expenses*” section of the Prospectus.

## **DISTRIBUTIONS**

Accumulating Share Classes and Distributing Share Classes are available in the Sub-Fund. With respect to Distributing Share Classes, the Sub-Fund intends to distribute quarterly in accordance with the provisions set out in the “*Distributions*” section of the Prospectus.

## **LISTING**

Application has been made for the Shares to be admitted to the Official List and to trading on the Euronext Dublin. Shares may also be admitted to trading on other Listing Stock Exchanges as specified on the Website.

## **INDEX DISCLAIMERS**

### **Solactive AG**

The Guideline and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the Index. Solactive does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the level of the Index at any certain point in time nor in any other respect. Solactive strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Solactive does not constitute a recommendation for capital investment and does not contain any assurance or opinion of Solactive regarding a possible investment in a financial instrument based on this Index.