

JPMorgan Funds - US Small and Micro Cap Fund (the “Sub-Fund”)

Simplified Prospectus – December 2009

A Sub-Fund of JPMorgan Funds (the “Fund”), a SICAV incorporated under the laws of the Grand Duchy of Luxembourg.

This simplified prospectus contains key information about the Sub-Fund. If you would like more information before you invest, please consult the full prospectus (the “Prospectus”). The rights and duties of the investor as well as the legal relationship with the Sub-Fund are laid down in the Prospectus.

In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall prevail.

Sub-Fund risk profile

- This equity Sub-Fund invests primarily in a portfolio of small and micro capitalisation US equities.
- As the Sub-Fund invests in equities, investors are exposed to stock market fluctuations and the financial performance of the companies held in the Sub-Fund’s portfolio.
- Therefore, investors may see the value of their investment fall as well as rise on a daily basis, and they may get back less than they originally invested.
- Furthermore, investors should be aware that the Sub-Fund invests in a single market, which can be subject to particular political and economic risks and while providing a focused investment and the potential for higher returns, also further limits the room for risk diversification within the Sub-Fund.
- Because the portfolio is invested in small and micro cap companies, which can be much less liquid and tend to carry much greater financial risk, volatility may be very high compared to a broadly based investment. However, there may also be greater potential for higher returns.
- Non-USD denominated investors are exposed to currency risk as the Sub-Fund’s underlying assets are mainly denominated in USD.

Profile of the typical investor

This is an equity Sub-Fund designed to give exposure to small and micro capitalisation companies in the US. Although such companies have often produced periods of very high returns for investors, they have historically been less liquid and carry a higher risk of financial distress than larger, blue chip companies. Therefore, investors in this Sub-Fund should be comfortable with its potential to be more volatile than core, large-cap biased equity sub-funds. Also, because the Sub-Fund is invested in equities and because of the individual economic, currency and political risks associated with single country investing, the Sub-Fund may be suitable for investors with at least a five-year investment horizon.

Launch Date of the Sub-Fund 16/11/88

Reference Currency US Dollar (USD)

Total Assets USD 75.4m as at 30/06/09

Investment Manager J.P. Morgan Investment Management Inc.

Benchmark Russell 2000 (Total Return Net)

Appendix Any reference to an Appendix refers to an appendix to the Prospectus.

Investment objective

To provide long-term capital growth by investing primarily in small and micro capitalisation US companies.

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 small and micro capitalisation companies that are incorporated under the laws of, and have their registered office in, the US, or that derive the predominant part of their economic activity from the US, even if listed elsewhere. Market capitalisation is the total value of a company’s shares and may fluctuate materially over time. Small and micro capitalisation companies are those whose market capitalisation is within the range of companies in the Benchmark for the Sub-Fund at the time of purchase.

The Sub-Fund may also invest in Canadian companies.

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. Fixed and floating rate 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 (including, but not limited to, securities lending or repurchase agreements) 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 II – Investment Restrictions and Powers”.

Share Classes

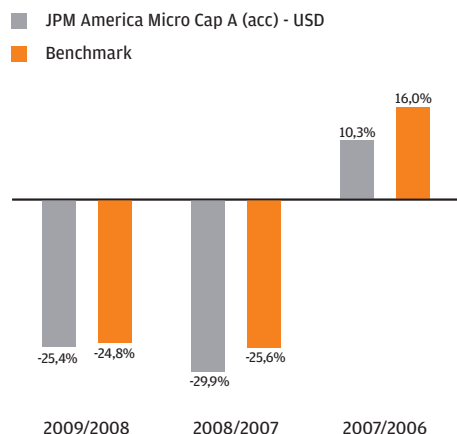
A complete list of available Share Classes can be found on the website www.jpmorganassetmanagement.lu, or may be obtained from the Registered Office of the Fund or from the Management Company in Luxembourg. The Sub-Fund may launch Share Classes that have any combination of the following features as represented by a suffix to the Share Class name:

- Share Classes may be offered in the Reference Currency of the Sub-Fund, or may be denominated in any currency;
- Share Classes may be either hedged or unhedged;
- Share Classes may have different dividend policies, suffixed “(acc)”, “(dist)”, “(div)”, “(inc)” or “(mth)”, as detailed in the Dividend Policy section of the Prospectus.
- The following charges are payable by the Shareholder: Initial Charge, Redemption Charge and Switching Charge. All other fees are payable by the Sub-Fund. All fees are expressed as a percentage of the Net Asset Value per Share.

Historical Performance

Performance for the "A (acc) - USD" Share Class is shown below. The Sub-Fund may also have other active Share Classes the performance of which is similar to the performance shown below. The performance of other Share Classes may vary due to a variety of factors including, but not limited to, their fee structure, hedging policy or reference currency. For further information on the performance of specific Share Classes, please contact your local representative, the Registered Office of the Fund or the website www.jpmorganassetmanagement.lu.

The Sub-Fund has been launched under the denomination of JPMorgan Funds - America Micro Cap Fund. The investment objective and investment policy of the Sub-Fund has been changed on 1 October 2009 and it has been renamed JPMorgan Funds - US Small and Micro Cap Fund.



With effect from 01 October 2009, the JPMorgan Funds - America Micro Cap Fund will be renamed to JPMorgan Funds - US Small and Micro Cap Fund.

The performance figures above reflect the investment policy of the JPMorgan Funds - America Micro Cap Fund as at 30 June 2009.

Past performance is not a guide to the future and investors may not get back the full amount invested.

Performance figures (source - JPM/JPMorgan Chase) are rolling 12 months to 30 June and NAV to NAV with gross income reinvested.

Fees and Expenses

Share Class	Minimum Initial Subscription (USD or equivalent)	Initial Charge	Annual Management and Advisory Fee	Operating and Administration Expenses	Redemption Charge
JPM US Small and Micro Cap A	35,000	5.00%	1.50%	0.40%	0.50%
JF US Small and Micro Cap A	35,000	5.00%	1.50%	0.40%	0.50%
JPM US Small and Micro Cap B	1,000,000	Nil	0.90%	0.25%	Nil
JPM US Small and Micro Cap D	5,000	5.00%	2.50%	0.40%	0.50%
JPM US Small and Micro Cap X	On application	Nil	Nil	0.15% ^{Max}	Nil

Performance Fee

Applicable Share Classes	Performance Fee	Mechanism	Performance Fee Benchmark
All	10%	Claw-Back	Russell 2000 (Total Return Net)

- A switching charge not exceeding 1% of the Net Asset Value of the Shares in the new Share Class may be charged. If the new Share Class has a higher initial charge, then the additional initial charge payable for that Share Class may be charged. The Management Company is entitled to any charges arising from switches and any rounding adjustment.
- Annual Management and Advisory Fees are fully reflected in the Net Asset Value per Share except for the X Share Class where it is administratively levied and collected by the Management Company or the appropriate JPMorgan Chase & Co. entity directly from the Shareholder; the fee for the X Share Class is therefore listed as "nil" in the Fees and Expenses table as it is not levied on the Sub-Fund.
- The Sub-Fund bears all its ordinary and extraordinary operating expenses as well as its transaction fees.
- Operating and Administrative Expenses include but are not limited to custody and administration fees, and are reflected in the Net Asset Value per Share. Where this is a fixed percentage the Management Company pays any excess over the fixed percentage. Where the actual expenses are below the specified percentage, the Management Company is entitled to retain the difference. Where the Operating and Administrative Expenses are capped, the Management Company pays any excess over the capped percentage. If the actual expenses fall below the stated percentage, the fees will be reduced by the amount of the shortfall.
- If a Performance Fee is applied this is indicated above. Where a Performance Fee is charged, then on each valuation day (a "Valuation Day"), an accrual is made for the previous Valuation Day's Performance Fee. During periods of market volatility, this may cause unusual fluctuations in the Net Asset Value per Share of each Share Class that charges a Performance Fee. 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. Performance Fee is payable annually. Either a claw-back mechanism or

¹ A Valuation Day is any business day other than, in relation to a Sub-Fund's investments, 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. By derogation to the above, on New Year's Eve, provided that such day is not a Saturday or Sunday, the Net Asset Value per Share of each Share Class in respect of this day shall be made available at the Registered Office of the Fund although no deals will be processed on that day. A business day is a week day other than New Year's Day, Easter Monday, Christmas Day, and the day prior to and following Christmas Day.

high watermark mechanism will be used to ensure that, following a financial year of underperformance, this underperformance is recovered before a Performance Fee may be charged. Full details of both the claw-back mechanism and high watermark mechanism can be found in “Appendix V – Calculation of Performance Fees”.

Treatment of Income

- It is intended that “(dist)” Share Classes will distribute at least 85% of the net investment income attributable to such Classes of Shares, computed broadly in accordance with the definition of net taxable income under United Kingdom corporation tax principles (subject to the application of any *de minimis* threshold) so that these Share Classes of the Fund continue to qualify as “distributing” for the purposes of United Kingdom tax legislation relating to offshore funds.
- “(div)” or “(inc)” Share Classes may pay dividends but will **not** qualify as “distributing” for the purposes of United Kingdom tax legislation relating to offshore funds.
- “(mth)” Share Classes will normally distribute all, or substantially all, of the net investment income on a monthly basis. They will **not** qualify as “distributing” for the purposes of United Kingdom tax legislation relating to offshore funds.
- “(acc)” Share Classes will not normally pay dividends.
- Payment of dividends on distributing Share Classes will normally be made in September of each year, unless otherwise specified in “Appendix III – Sub-Fund Details”.

Taxation of the Fund

Under current law and practice, there are no Luxembourg income, withholding or capital gains taxes payable by the Fund. However, the Fund is liable in Luxembourg to a subscription tax (“*taxe d’abonnement*”) up to a rate of 0.05% per annum based on the Net Asset Value attributed to each Share Class at the end of the relevant quarter (0.01% in the case of Share Classes only comprising Institutional Investors as defined by Luxembourg laws and regulations such as I and X Share Classes). To the extent

that the assets of the Sub-Fund are invested in investment funds which are established in Luxembourg, no such tax is payable, provided that the relevant investment funds have been subject to this tax.

Interest, dividend income and capital gains received by the Fund may be subject to non-recoverable withholding tax in the countries of origin.

Taxation of the Shareholder

The Council of the EU has, on 3 June 2003, adopted Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “Directive”). The Directive was implemented in Luxembourg by a law of 21 June 2005 as amended (the “EUSD Law”). Under the EUSD Law, dividend and/or redemption proceeds from shares of a sub-fund paid to individuals may be subject to withholding tax or give rise to exchange of information with tax authorities. Whether the EUSD Law will be applicable in any particular case and the implications arising there from depend on various factors, such as the asset class of the relevant sub-fund, the location of the paying agent used and the tax residency of the shareholders concerned. More details of the implications of the Directive and the EUSD Law are contained in the Prospectus, and investors should also seek advice from their financial or tax adviser.

The repercussion of an investment in the Sub-Fund on the individual tax bill of an investor depends on the fiscal regulations applicable in his particular case. Consulting a local tax adviser is therefore recommended.

How to buy, sell and switch Shares

Applications for subscriptions, redemptions and switches should be sent to the local sales agents, distributors or the Management Company and should be received by 14.30 Luxembourg time on any Valuation Day. Shares purchased will normally be issued at the relevant Offer Price (the Net Asset Value per Share increased by any applicable initial charge) on that day, and Shares redeemed will be sold at the relevant Bid Price (the Net Asset Value per Share decreased by any applicable redemption charge) on that day, both of which are subject to rounding (please consult the Prospectus for further information on the

calculation of prices). Switches between Sub-Funds within the Fund will normally be effected at the first Valuation Day common to both Sub-Funds after receipt of instructions, normally on a bid to Net Asset Value basis, plus the applicable switch fee and any additional initial charge as described above.²

The Management Company may enter into agreements with certain distributors or sales agents pursuant to which they agree to act as or appoint nominees for investors subscribing for Shares through their facilities.

To mitigate the risk of error and fraud, the Management Company may have to verify, confirm or clarify Shareholder payment instructions relating to redemption applications and dividend payments.

Additional important information

Financial year end of the Fund 30 June

Structure The Fund operates separate Sub-Funds, each of which is represented by one or more Share Classes. The Sub-Funds are distinguished by their specific investment policy or any other specific features. The Prospectus comprises a description of all Sub-Funds.

Legal Structure A Sub-Fund of the SICAV JPMorgan Funds governed by Part I of the Luxembourg law of 20 December 2002 relating to undertakings for collective investment, as amended.

Incorporation Date of the Fund 14/04/69

Management Company and Domiciliary Agent

JPMorgan Asset Management (Europe) S.à r.l., European Bank & Business Centre, 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. Tel No: (352) 34 101
Fax No: (352) 3410 8000

Registered Office European Bank & Business Centre, 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. Net Asset Values of Shares are available from the Registered Office of the Fund.

Supervisory Authority Commission de Surveillance du Secteur Financier, Grand Duchy of Luxembourg.

Custodian Bank J.P. Morgan Bank Luxembourg S.A., 6, route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

Independent Auditor PricewaterhouseCoopers S.à r.l., 400, route d'Esch, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg.

² Regular Savings Plans, redemption and switch programmes may be available in Italy. Further information can be found in the latest version of the Italian Application Form which can be obtained from authorised Distributors.

This simplified prospectus contains only basic information on the Sub-Fund and the Fund. Subscriptions may only be based on the latest available Prospectus and local offering document (if applicable) of the relevant Sub-Funds which contain more information regarding charges, entry fees and minimum investment amount. For more detailed information, please ask for the latest Prospectus and annual and semi-annual reports, which are freely available from the Management Company or directly at the following web site: www.jpmorganassetmanagement.com or alternatively email: fundinfo@jpmorgan.com.