APPENDIX

June 2022

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

Friends Provident International Limited ("Friends Provident International") is responsible for the information contained in this notice. To the best of the knowledge and belief of Friends Provident International (having taken all reasonable care to ensure that such is the case), the information contained in this notice is, at the date of this letter, in accordance with the facts and there are no other facts the omission of which would make any statement in this notice misleading. Friends Provident International accepts responsibility accordingly for the information contained in this notification.

Re: Reserve, Premier, Premier II, Premier Ultra, Elite, Zenith, International Investment Account, International Portfolio Bond, Managed Portfolio Account, Premier Investment Plan, Flexible Growth Plan, Executive Savings Plan, International Pension Plan, International Savings Plan, Summit and Summit II (collectively, the "Schemes")

Notification of changes to the underlying funds of:

J30 JPMorgan India (the "Affected Mirror Fund 1")
J32 JPMorgan Pacific Securities (the "Affected Mirror Fund 2")
J47 JPMorgan Thailand (the "Affected Mirror Fund 3")
J95 JPMorgan Pacific Technology (the "Affected Mirror Fund 4")
L36 JPMorgan Indonesia (the "Affected Mirror Fund 5")
L86 JPMorgan India Smaller Companies (USD) (the "Affected Mirror Fund 6")
P66 JPMorgan Asian Smaller Companies (the "Affected Mirror Fund 7")
R08 JPMorgan ASEAN (the "Affected Mirror Fund 8")
J34 JPMorgan Asia Growth (the "Affected Mirror Fund 9")
(together "Affected Mirror Funds 1-9")

We have been notified by JP Morgan Funds (Asia) Limited (the "Company") of the following upcoming changes to the underlying funds of the Affected Mirror Funds 1-9 (the "underlying funds"). These changes will take effect from **25 July 2022** (the "Effective Date").

The Company has confirmed the below, which has been extracted from the Shareholder Circular of the underlying funds of the Affected Mirror Funds 1-9.

> "The respective trust deeds of all the Funds empower the JPMorgan Funds (Asia) Limited, as the manager of the Funds (the "Manager"), to adjust the net asset value per unit of the Funds to reflect the fiscal charges which, as the Manager estimates, would be incurred by the Funds in order to buy or sell the underlying securities to meet subscription or redemption requests (the "Adjustment Mechanism"). The purpose of the Adjustment Mechanism is to protect interests of all investors of the Funds under specific circumstances (including but not limited to high volatility and/or lack of liquidity in the underlying market) where dealings of units in the Funds might result in potential impact on the interests of existing investors (hereinafter referred to as "dilution effects")."

1. Changes related to Adjustment Mechanism applicable to net asset value per unit of the underlying funds of Affected Mirror Funds 1-8

Currently the Adjustment Mechanism is applicable to the underlying funds of Affected Mirror Funds 1-8, with the exception of the underlying fund of Affected Mirror Fund 9 which may only apply the Adjustment Mechanism on a temporary basis (see below).

In order for the Adjustment Mechanism to better achieve its purpose of protecting investors of the underlying funds of the Affected Mirror Funds 1-8 from anticipated dilution effects, the following changes will be made to the Adjustment Mechanism from the Effective Date.

1.1 Circumstances under which the Adjustment Mechanism may be applied

Currently, the offering documents of the underlying funds of Affected Mirror Funds 1-8 state that the underlying Manager may apply the Adjustment Mechanism where there are large dealings of units of the underlying funds of Affected Mirror Funds 1-8 under exceptional circumstances, including but not limited to high volatility and/or lack of liquidity in the underlying market of the underlying funds, which might result in potential impact on the interests of existing unitholders.

From the Effective Date, the offering documents of the underlying funds of Affected Mirror Funds 1-8 will be amended to provide that the underlying Manager may make swing pricing adjustments when the net capital flow of an underlying fund of an Affected Mirror Fund exceeds the threshold pre-determined by the underlying Manager from time to time and if the underlying Manager considers it is in the interests of all unitholders to do so.

Such thresholds are determined by the underlying Manager based on a range of factors including but not limited to asset flows of the underlying fund of an Affected Mirror Fund and the liquidity in the underlying markets of the underlying fund. Examples of circumstances which may cause net capital flow includes net unit dealing due to subscription/redemption requests, fund mergers where there are asset flows into/out of the underlying funds of Affected Mirror Funds 1-8, etc. Such amendments will allow the Adjustment Mechanism to be deployed under more circumstances in which there are anticipated dilution effects, which in turn provides better protection to existing unitholders.

1.2 Increase in the maximum rate of adjustment

Currently, the offering documents of the underlying funds of Affected Mirror Funds 1-8 state that the adjustment rate will not exceed 1% of the net asset value per unit of underlying funds of Affected Mirror Funds 1-8 except under extreme market conditions.

From the Effective Date, the offering documents will be amended to provide that, under normal market conditions, the adjustment rate will not exceed 2% of the net asset value per unit of the underlying funds of Affected Mirror Funds 1-8 or classes; however it may be significantly higher during extreme market conditions such as periods of high volatility, reduced asset liquidity and market stress. In any event, unless with the approval of the underlying fund Trustee and the Securities and Futures Commission (if required), swing pricing adjustment rate exceeding 2% will only be applied on a temporary basis and will not exceed 5%.

1.3 Renaming of the Adjustment Mechanism and clarification of its purpose

The Adjustment Mechanism will be renamed as “swing pricing” (currently referred to as “fiscal charge” in the current underlying funds’ offering documents) and it will be clarified in the offering documents of the underlying funds of Affected Mirror Funds 1-8 that the purpose of the Adjustment Mechanism is to mitigate the anticipated dilution effects caused by purchasing/selling underlying investments (including but not limited to bid-offer spreads and transaction costs such as brokerage, taxes and government charges) when there is net capital flow of an underlying fund of Affected Mirror Funds 1-8.

2. Introduction of the Adjustment Mechanism to the underlying fund of Mirror Fund 9 on a permanent basis

In April 2020, the Company advised that, in light of the prevailing market conditions resulting from the impact to the COVID-19 pandemic, the underlying fund Manager decided to introduce the Adjustment Mechanism to the underlying fund of Affected Mirror Fund 9 on a temporary basis.

With a view to protect interests of all investors in the underlying fund of Affected Mirror Fund 9 in potential market volatility and exceptional circumstances in the long run, the underlying Manager has decided to allow the Adjustment Mechanism to be applied to the underlying fund of Affected Mirror Fund 9 on a permanent basis from the Effective Date. The Adjustment Mechanism applicable to the underlying fund of Affected Mirror Fund 9 from the Effective Date will have the same features as the one applicable to the underlying funds of Affected Mirror Funds 1-8 and will be known as “swing pricing”.

These changes will happen automatically within your policy or contract and you do not need to take any action.

Save as disclosed above, the Company has advised that there will be no implications on the features and risks applicable to the underlying funds of Affected Mirror Funds 1-9 or change in the operation/and or manner in which the underlying funds of Affected Mirror Funds 1-9 are being managed, or change in the fee level/cost in managing the underlying funds of Affected Mirror Funds 1-9. The above changes will not materially prejudice the interests of existing investors of the underlying funds of Affected Mirror Funds 1-9.

All legal and administrative costs associated with the changes will be borne by the underlying funds of the Affected Mirror Funds 1-9.

Should you wish to switch your existing investment out of the Affected Mirror Funds, or to redirect future regular premiums (if any) to a different Mirror fund, you are free to do so, without charge, by completing the Switch/Redirection instruction form and returning it to our Hong Kong office, a copy of which is available on request.

Please note that you can also switch your Mirror funds or redirect future premiums at any time, online through the FPI Portal, without charge. Simply log in at https://portal.fpinternational.com. It is a simple, convenient and secure way to manage your policy.

You should read the corresponding offering documents (including Product Key Facts Statement) of the underlying funds (including, without limitation, their investment objectives and policies, risk factors and charges), which will be made available by our Hong Kong office upon request.

We recommend that you seek the advice of your usual independent financial adviser before making any investment decisions.

If you have any questions regarding your policy or the Mirror funds in which you are invested, please contact our Hong Kong office:

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Investment-linked fund prices may fluctuate and are not guaranteed. Investment involves risk. Past performance should not be viewed as a reliable guide of future performance.

Please refer to the offering documents of the Schemes for further details.

Yours sincerely

Chris Corkish
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