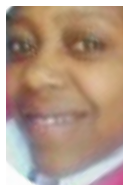




JPMorgan China Region Fund Begins Merger Negotiations With Korea Equity Fund, Inc.

31 July 2016

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JPMorgan China Region Fund has announced the commencement of negotiations for a merger with the Korea Equity Fund. The move is designed to increase the Fund's appeal and reduce its discount over

the coming years.

The board of JPMorgan China Region Fund had earlier this month announced that in an effort to increase the fund's appeal in the future it was exploring possible mergers with other Funds amongst other forward thinking initiatives. The board of JPMorgan China Region Fund and the board of the Korea Fund are in negotiations and while there is still nothing concrete arrived

at yet, the merger negotiations are expected to come up with a number of unique agreements. The following are some of the key features the new Successor Fund is expected to have:

Investment Strategy

To begin with, Subject to JFC stockholder approval, the successor of the two Funds will look to pursue modified principal investment strategies and objectives that are



◀ conducive enough to facilitate investments in equity securities of countries in North East Asia including, Hong Kong, Taiwan, South Korea and China. If the negotiations are successful, the successor Fund will continue to make investments in viable China A shares, explore more options in the Hong Kong Stock market, and also invest in small and mid-sized companies if and when such viable opportunities arise.

The Fund's New Name

The negotiations will also rename the two merged funds into the North East Asia Growth Fund. The successor

Fund is also expected to adopt a far more concentrated investment strategy in order to set itself apart from the other NYSE listed Close-End Funds that invest in equity securities in the North East Asia region.

Proposed Benchmark

Based on ongoing negotiations, the proposed Benchmark for the Successor Fund will be the MSCI All Country Far East ex. Japan Total Return Index. The benchmark will however be reweighted down the line in order to be more adaptive to the Fund's geographical scope. In addition to this, the Benchmark will

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also be reweighted to also exclude the various unique components attributable to issuers in Southeast Asia.

Investment Advisory Fees

The investment advisory fees are very important for investors and upon the success of this negotiations and the approval of shareholders from the two Funds, The investment advisory fees of the new Fund will be 0.90% per annum of the fund's managed gross assets.

The Funds Administration

The Board of the Successor Fund will draw members from both the Korea Fund and JFC. The Korea Fund will have two members while JFC will contribute 4 members into the Successor Fund's Board. Any other changes in the proposed administrative structure will be communicated in due course.

The Merger between the Korea Equity Fund and the [JPMorgan China Region Fund](#) is something many investors will look forward to. However, the process is still on its infancy stage and any progress will be communicated to shareholders and other interested parties. There is also no clear timeline as to when the merger will be completed but negotiations are clearly underway.

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