

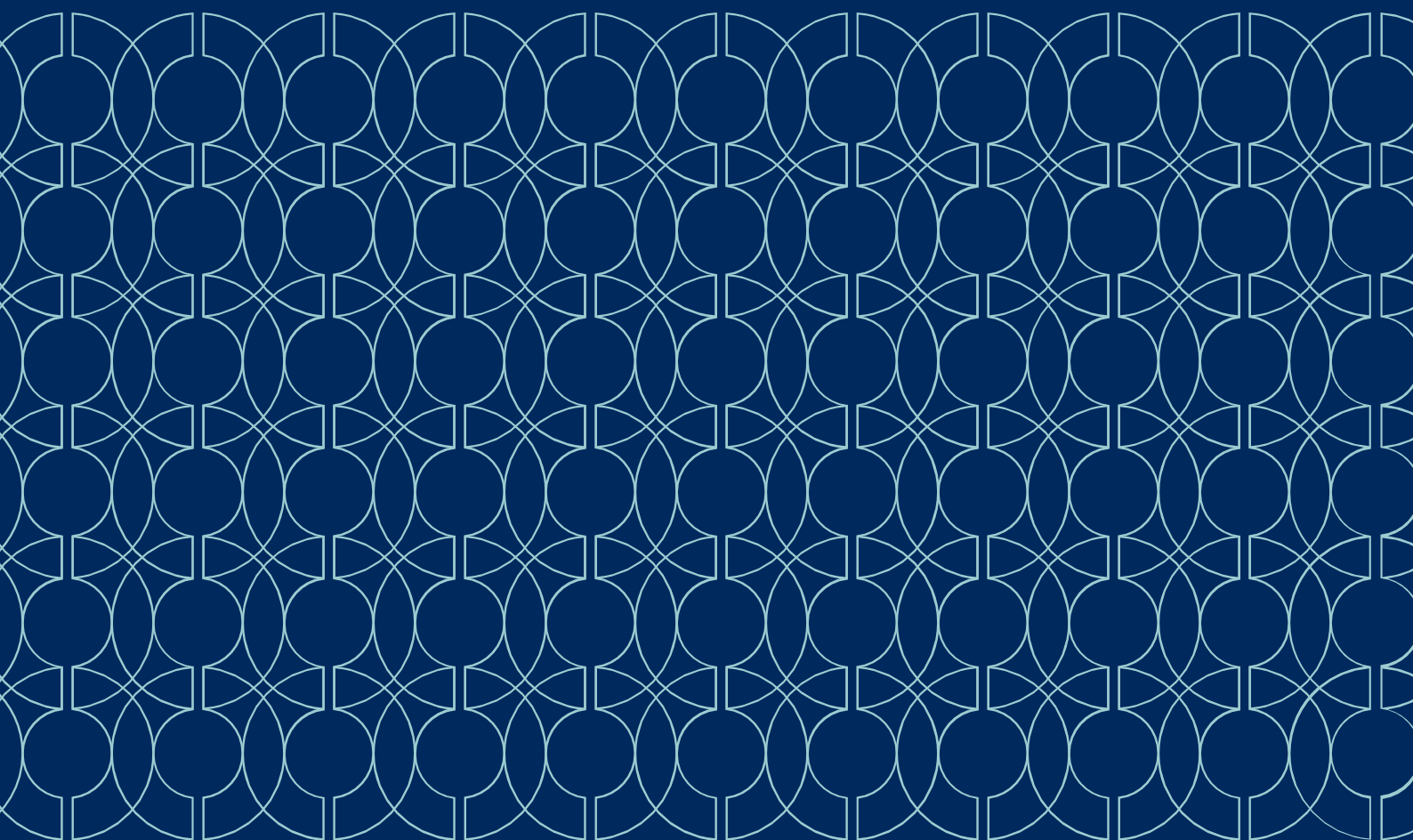
Schroders

Schroder Special  
Situations Fund

Prospectus

April 2020

Luxembourg



(a Luxembourg domiciled open-ended investment company)

VISA 2020/159569-1994-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2020-04-27

Commission de Surveillance du Secteur Financier



Schroder Special Situations Fund  
(a Luxembourg domiciled open-ended investment company)

# Prospectus

April 2020



# Important Information

Copies of this Prospectus can be obtained from and enquiries regarding the Company should be addressed to:

## **Schroder Investment Management (Europe) S.A.**

5, rue Höhenhof  
L-1736 Senningerberg  
Grand Duchy of Luxembourg  
Tel: (+352) 341 342 202  
Fax: (+352) 341 342 342

This prospectus (the “Prospectus”) should be read in its entirety before making any application for Shares. If you are in any doubt about the contents of this Prospectus you should consult your financial or other professional adviser.

Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of Shares other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company or the Management Company. Neither the delivery of this Prospectus nor the offer, placement, subscription or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

The Directors, whose names appear below, have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Directors accept responsibility accordingly.

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Investors wishing to apply for Shares should inform themselves as to the requirements within their own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.

This Prospectus does not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

For the purposes of the General Data Protection Regulation 2016/679 (“GDPR”), the data controllers in relation to any personal data you supply are the Company and the Management Company.

In order to comply with the obligations and responsibilities under the GDPR, the Company and the Management Company are required by law to make available to you a privacy policy which details how Schroders collect, use, disclose, transfer, and store your information. Please find a

copy of the privacy policy at [www.schroders.com/en/privacy-policy](http://www.schroders.com/en/privacy-policy). You hereby acknowledge that you have read and understood the contents of the privacy policy.

The distribution of this Prospectus in certain countries may require that this Prospectus be translated into the languages specified by the regulatory authorities of those countries.

Should any inconsistency arise between the translated and the English version of this Prospectus, the English version shall always prevail.

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the recording of conversations with the Management Company and to the use of such recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

**The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested.**

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# Definitions

## ABCP(s)

Asset backed commercial paper(s)

## Accumulation Shares

shares which accumulate their income so that the income is included in the price of the shares

## Articles

the articles of association of the Company as amended from time to time

## AUD

Australian Dollars

## Business Day

unless otherwise provided in the Fund's details in Appendix III, a Business Day is a week day other than New Year's Day, Good Friday, Easter Monday, Christmas Eve, Christmas Day and the day following Christmas Day

## CAD

Canadian Dollar

## CHF

Swiss Franc

## Company

Schroder Special Situations Fund

## CSSF

Commission de Surveillance du Secteur Financier (Luxembourg Financial Sector Supervisory Authority)

## Dealing Cut-off Time

the time by which dealing instructions must be received by the Management Company in order to be executed on a Dealing Day as defined for each Fund in Appendix III

## Dealing Day

unless otherwise provided for in the Fund's details in Appendix III, a Dealing Day is a Business Day which does not fall within a period of suspension of calculation of the Net Asset Value per Share of the relevant Fund and such other day as the Directors may decide from time to time. The Management Company may also take into account whether relevant local stock exchanges and/or Regulated Markets are closed for trading and /or settlement, and may elect to treat such closures as non-Dealing Days for Funds which invest a substantial amount of their portfolio on these closed stock exchanges and/or Regulated Markets. A list of expected non-Dealing Days for the Funds is available from the Management Company on request and is also available on the Internet site [www.schroders.lu](http://www.schroders.lu)

## Depository

J.P. Morgan Bank Luxembourg S.A., acting as depository bank and fund administrator

## Directors or Board of Directors

the board of directors of the Company

## Distributor

a person or entity duly appointed from time to time by the Management Company to distribute or arrange for the distribution of Shares

## Distribution Period

the period from one date on which dividends are paid by the Company to the next. This may be annual or shorter where dividends are paid more regularly.

## Distribution Shares

Shares which distribute their income

## EEA

European Economic Area

## Eligible State

includes any member state of the European Union ("EU"), any member state of the Organisation for Economic Co-operation and Development ("OECD"), and any other state which the Directors deem appropriate

## Emerging Market

Any country that is included in the JP Morgan Emerging Markets Bond Global Diversified Index or composite thereof (or any successor index, if revised), or any country classified by the World Bank as a low to upper middle income country

## EU

European Union

## EUR

the European currency unit (also referred to as the Euro)

## Fund

a specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Share Class or Share Classes

## Fund Currency

the base currency of a Fund

## GBP

Great British Pound



## Investment Fund(s)

a UCITS or other UCI in which the Funds may invest, as determined in the investment rules described in Appendix I

## Investor

a subscriber for Shares

## JPY

Japanese Yen

## Law

the law concerning undertakings for collective investment dated 17 December 2010, as it may be amended from time to time

## Management Company

Schroder Investment Management (Europe) S.A.

## Mark-to-Market

the valuation, in accordance with Article 29(3) of the MMFR, of positions at readily available closing prices that are sourced independently, including exchange prices, screen prices, or quotes from several independent reputable brokers

## Mark-to-Model

any valuation, in accordance with Article 29(4) of the MMFR, which is benchmarked, extrapolated or otherwise calculated from one or more market inputs

## Money Market Fund Regulation or MMFR

the regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds, as it may be amended or supplemented from time to time

## Money Market Fund

an undertaking for collective investment authorised in accordance with the MMFR subject to specific provisions disclosed in Appendix III to this Prospectus

## Money Market Investments

Money market instruments as defined under the UCITS Directive, specifically instruments normally dealt on the money market which are liquid and have a value which can be accurately determined at any time.

## Money Market Instruments

instruments as defined in Article 2(1) of the UCITS Directive and as referred to in Article 3 of Commission Directive 2007/16/EC which meet the conditions of MMFR

## Net Asset Value

Net Asset Value per Share (as described below) multiplied by the number of Shares

## Net Asset Value per Share

the value per Share of any Share Class determined in accordance with the relevant provisions described under the heading "Calculation of Net Asset Value" as set out in Section 2.4 or, if applicable, under the heading "Specific provisions on the calculation of the Net Asset Value per Share of Funds qualifying as Money Market Funds" in Appendix III

## Ongoing Charge

the Fund's Ongoing Charge is made up of the management fee, distribution charge, shareholder servicing fee and other operating fees

## OTC

over-the-counter

## Real Estate Investment Fund or REIT

is an entity that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established. Investment in REITs will be allowed if they qualify as transferable securities. A closed-ended REIT, the units of which are listed on a Regulated Market is classified as a transferable security listed on a Regulated Market thereby qualifying as an eligible investment for a UCITS under the Luxembourg Law

## Regulated Market

a market within the meaning of Article 4 (1) (21) of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or another regulated market, which operates regularly and is recognised and open to the public in an Eligible State

## Regulations

the Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions

## Schroders

the Management Company's ultimate holding company and its subsidiaries and affiliates worldwide

## Share

a share of no par value in any one Share Class in the capital of the Company

## Share Class

a class of Shares with a specific fee structure or any other specific features

## Shareholder

a holder of Shares

## Standard Variable Net Asset Value Money Market Fund

a Money Market Fund that (i) invests in Money Market Instruments referred to in Article 10 (1) and (2) of the MMFR, (ii) is subject to the portfolio rules set out in Article 25 of the MMFR and (iii) complies with the specific requirements laid down in Articles 29, 30 and 33 (1) of the MMFR

### Transfer Agent

HSBC France, Luxembourg Branch, acting as the provider of registrar and transfer agency services

### UCI

an "undertaking for collective investment" within the meaning of points a) and b) of Article 1(2) of the UCITS Directive

### UCITS

an "undertaking for collective investment in transferable securities" within the meaning of points a) and b) of Article 1 (2) of UCITS Directive

### UCITS Directive

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS

### UK

United Kingdom

### USA or US

the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction

### USD

United States Dollar

### Weighted Average Life

the average length of time to legal maturity of all of the underlying assets in a Money Market Fund reflecting the relative holdings in each asset

### Weighted Average Maturity

the average length of time to legal maturity or, if shorter, to the next interest rate reset to a money market rate, of all of the underlying assets in a Money Market Fund reflecting the relative holdings in each asset

**All references herein to time are to Luxembourg Time unless otherwise indicated.**

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

# Board of Directors

## Chairman

- **Richard MOUNTFORD**  
Head of Planning, Corporate Management  
Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

## Directors

- **Carla BERGARECHE**  
Head of Iberian Business  
Pinar 7, 4<sup>th</sup> Floor  
28006 Madrid  
Spain
- **Eric BERTRAND**  
Head of Schroder GAIA  
Vaults 13-16  
Valletta Waterfront  
FRN 1914  
Malta
- **Mike CHAMPION**  
Head of Product Development  
Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom
- **Marie-Jeanne CHEVREMONT-LORENZINI**  
Independent Director  
19, rue de Bitbourg  
1273 Luxembourg  
Grand Duchy of Luxembourg
- **Daniel DE FERNANDO GARCIA**  
Independent Director  
Serrano 1  
28001 Madrid  
Spain
- **Bernard HERMAN**  
Independent Director  
11-13 rue Jean Fischbach  
3372 Leudelage  
Grand Duchy of Luxembourg
- **Achim KUESSNER**  
Country Head Germany, Austria & CEE  
Schroder Investment Management GmbH  
Taanustor 1 (TaanusTurm)  
60310 Frankfurt am Main  
Germany
- **Neil WALTON**  
Head of Investment Solutions  
Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

# Administration

## Registered Office

5, rue Höhenhof  
1736 Senningerberg  
Grand Duchy of Luxembourg

## Management Company and Domiciliary Agent

Schroder Investment Management (Europe) S.A.  
5, rue Höhenhof  
1736 Senningerberg  
Grand Duchy of Luxembourg

## Investment Managers

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

Schroder Investment Management North America Inc.  
7 Bryant Park, New York  
New York 10018-3706  
United States of America

Schroder & Co. Ltd  
1 London Wall Place  
London EC2Y 5AU  
United Kingdom

Schroder & Co. (Asia) Ltd  
138 Market Street  
#23-02 CapitaGreen  
Singapore 048946

## Depositary

J.P. Morgan Bank Luxembourg S.A.  
European Bank & Business Centre  
6, route de Trèves  
2633 Senningerberg  
Grand Duchy of Luxembourg

## Independent Auditors

PricewaterhouseCoopers Société Coopérative  
2, rue Gerhard Mercator  
2182 Luxembourg  
Grand Duchy of Luxembourg

## Principal Legal Adviser

Elvinger Hoss Prussen, *société anonyme*  
2, place Winston Churchill  
1340 Luxembourg  
Grand Duchy of Luxembourg

## Principal Paying Agent

HSBC France, Luxembourg Branch  
16, boulevard d'Avranches  
1160 Luxembourg  
Grand Duchy of Luxembourg

## Transfer Agent

HSBC France, Luxembourg Branch  
16, boulevard d'Avranches  
1160 Luxembourg  
Grand Duchy of Luxembourg

# Section 1

## 1. The Company

### 1.1. Structure

The Company is an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV"). The Company operates separate Funds, each of which is represented by one or more Share Classes. The Funds are distinguished by their specific investment policy or any other specific features.

The Company constitutes a single legal entity, but the assets of each Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Fund and the assets of a specific Fund are solely accountable for the liabilities, commitments and obligations of that Fund.

The Directors may at any time resolve to set up new Funds and/or create within each Fund one or more Share Classes and this Prospectus will be updated accordingly. The Directors may also at any time resolve to close a Fund, or one or more Share Classes within a Fund to further subscriptions.

Certain Shares are listed on the Luxembourg Stock Exchange. The Directors may decide to make an application to list other Shares, as well as list all such Shares on any recognised stock exchange.

### 1.2. Investment Objectives and Policies

The exclusive objective of the Company is to place the funds available to it in transferable securities and other permitted assets of any kind, including financial derivative instruments, with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolios.

The specific investment objective and policy of each Fund is described in Appendix III.

The investments of each Fund shall at any time comply with the restrictions set out in Appendix I or in Appendix III as appropriate.

Investors should, prior to any investment being made, take due account of the risks of investments set out in Appendix II or in Appendix III as appropriate.

# Section 2

## 2. Share Dealing

### 2.1. Subscription for Shares

#### How to subscribe

Investors subscribing for Shares for the first time should complete an application form and send it with applicable identification documents by post to the Transfer Agent. Application forms may be accepted by facsimile transmission or other means approved by the Transfer Agent, provided that the original is immediately forwarded by post. If completed application forms and cleared funds are received by the Transfer Agent for any Dealing Day before the Dealing Cut-off Time as specified in Appendix III, Shares will normally be issued at the relevant Net Asset Value per Share, as defined under "Calculation of Net Asset Value", determined on the Dealing Day (plus any applicable initial charge). For completed applications received after the Dealing Cut-off Time, Shares will normally be issued at the relevant Net Asset Value per Share on the immediately following Dealing Day (plus any applicable initial charge).

**Each Investor will be given a personal account number which, along with any relevant transaction number should be quoted on any payment by bank transfer. Any relevant transaction number and the personal account number should be used in all correspondence with the Transfer Agent or any Distributor.**

**Different subscription procedures may apply if applications for Shares are made through Distributors.**

**All applications to subscribe for Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.**

However, the Directors may permit, if they deem it appropriate, different Dealing Cut-off Times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different Dealing Cut-off Times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable Dealing Cut-off Times applied to Shareholders must always precede the valuation point of the Funds for that Dealing Day.

Subsequent subscriptions for Shares do not require completion of an additional application form. However, Investors shall provide written instructions as agreed with the Transfer Agent to ensure smooth processing of subsequent subscriptions. Instructions may also be made by letter, facsimile transmission, in each case duly signed, or such other means approved by the Transfer Agent.

Confirmations of transactions will normally be dispatched on the Business Day following the execution of subscription instructions. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Investors are advised to refer to the terms and conditions on the application form to inform themselves fully of the terms and conditions to which they are subscribing.

Please refer to Appendix III for more details on the Dealing Cut-off Times and dealing frequency for each Fund.

#### How to pay

Payment should be made by electronic bank transfer net of all bank charges (i.e. at the Investor's expense). Further settlement details are available on the application form.

Shares are normally issued once settlement in cleared funds is received. In the case of applications from approved financial intermediaries or other Investors authorised by the Management Company, the issue of Shares is conditional upon the receipt of settlement within a previously agreed period not exceeding the settlement period as stated in Appendix III. If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next Business Day on which those banks are open. Payment should arrive in the appropriate bank account, as specified in the settlement instructions, at the latest by 17:00 on the settlement date. Payments received after this time may be considered to have settled on the next Business Day on which the bank is open. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company, Management Company or Transfer Agent against any existing holding of the applicant in the Company. No interest will be payable on any money returnable to the Investor held by the Management Company or Transfer Agent pending confirmation of a transaction.

Payments in cash will not be accepted. Third party payments will only be accepted at the Company's discretion. **Different settlement procedures may apply if applications for Shares are made through Distributors.**

#### Currency Exchange Service

Payments to and from the Shareholder should normally be made in the currency of the relevant Share Class. However, if the Shareholder selects a currency other than the currency of the relevant Share Class for any payments to or from the Company, this will be deemed to be a request by the Shareholder to the Transfer Agent acting on behalf of the Company to provide a foreign exchange service to the Shareholder in respect of such payment. Details of the charge applied to foreign exchange transactions, which is retained by the Management Company, are available upon request from the Management Company acting on behalf of the Company. The cost of foreign exchange services and other related expenses will be borne by the relevant Investor. This currency exchange service will not be available for certain Funds, as indicated in Appendix III. For such Funds, payments to and from the Shareholder shall be made in the currency of the relevant Share Class.

#### Price Information

The Net Asset Value per Share of one or more Share Classes is published daily or in line with the valuation frequency of the relevant Fund in such newspapers or other electronic services as determined from time to time by the Directors. It may be made available on the Schroder Investment Management (Europe) S.A. Internet site [www.schroders.lu](http://www.schroders.lu), and is available from the registered office of the Company unless otherwise provided for in Appendix III in respect of a

Money Market Fund. Neither the Company nor the Distributors accept responsibility for any error in publication or for non-publication of the Net Asset Value per Share.

### Types of Shares

Shares are issued only in registered form. Registered Shares are in non-certificated form. Fractional entitlements to registered Shares will be rounded to up to four decimal places. Shares may also be held and transferred through accounts maintained with clearing systems.

### General

Instructions to subscribe, once given, are irrevocable, except in the case of a suspension or deferral of dealing. The Management Company and/or the Company in their absolute discretion reserve the right to instruct the Transfer Agent to reject any application in whole or in part. If an application is rejected, any subscription money received will be refunded at the cost and risk of the applicant without interest.

Prospective applicants should inform themselves as to the relevant legal, tax and exchange control regulations in force in the countries of their respective citizenship, residence or domicile.

The Management Company may have agreements with certain Distributors pursuant to which they agree to act as or appoint nominees for Investors subscribing for Shares through their facilities. In such capacity, the Distributor may effect subscriptions, switches, and redemptions of Shares in nominee name on behalf of individual Investors and request the registration of such operations on the register of Shareholders of the Company in nominee name. The Distributor or nominee maintains its own records and provides the Investor with individualised information as to its holdings of Shares. Except where local law or custom proscribes the practice, Investors may invest directly in the Company and not avail themselves of a nominee service. Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a Distributor has the right to claim, at any time, direct title to such Shares.

The Management Company draws however the Investors' attention to the fact that any Investor will only be able to fully exercise his Shareholder rights directly against the Company, if the Investor is registered himself and his own name in the Shareholders' register. In cases where an Investor invests in the Company through a Distributor or a nominee investing into the Company in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights.

### Subscriptions in Kind

The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Fund pursuant to its investment policy and restrictions. Any such subscriptions in kind will be made at the Net Asset Value of the assets contributed calculated in accordance with the rules set out in Section 2.4 or, if applicable, under the heading "Specific provisions relating to the calculation of the Net Asset Value per Share" in Appendix III: Additional Information for Money Market Funds hereafter and will be the subject of an independent auditor's report drawn up in accordance with the requirements of Luxembourg law and will be at the subscriber's expense.

Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company.

### Anti Money Laundering Procedures

Pursuant to international norms, Luxembourg laws and regulations (comprising but not limited to the law of 12 November 2004 relating to the fight against money laundering and terrorism financing, as amended, and the Grand-Ducal Regulation of 1 February 2010 providing details on certain provisions of the amended law of 12 November 2004 and CSSF Regulation 12/02 of 14 December 2012 on the fight against money laundering and terrorist financing), obligations have been imposed on the Company to prevent money laundering and terrorism financing.

As a result of such provisions, the Company requires the Management Company to verify the identity of the Company's customers and perform ongoing due diligence on them in accordance with Luxembourg laws and regulations. To fulfil this requirement, the Management Company and/or Transfer Agent may request any information and supporting documentation it deems necessary, including information about beneficial ownership, source of funds and origin of wealth. In any case, the Management Company and/or Transfer Agent may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

In case of delay or failure by a customer to provide the documents required, an application for subscription or, if applicable, for redemption or any other transaction may not be accepted. Neither the Company nor the Management Company nor the Transfer Agent have any liability for delays or failure to process deals as a result of the customer providing no or only incomplete information and/or documentation.

### Statement for the purposes of the UK Offshore Funds (Tax) Regulations 2009

In accordance with the requirements laid out in Chapter 6 of Part 3 of the UK Offshore Funds (Tax) Regulations 2009 (SI 2009/3001) the Directors hereby state that:

#### Equivalence Condition

The Company complies with the requirements of the UCITS Directive.

#### Genuine Diversity of Ownership Condition

Interests in the Funds are widely available, and the Management Company undertakes that they will be marketed and made available sufficiently widely and in a manner appropriate to reach the intended categories of Investor who meet the broad requirements for investment in any given Share Class, and are not intended to be limited to particular Investors or narrowly-defined groups of Investor. Please refer to Appendix III for details of the minimum levels of investment and/or Investor categories that are specified as eligible to acquire particular Share Classes.

Provided that a person meets the broad requirements for investment in any given Share Class, he/she may obtain information on and acquire the relevant Shares in the Company, subject to the paragraphs immediately following.

## Investment Restrictions applying to US Investors

The Company has not been and will not be registered under the United States Investment Company Act of 1940 as amended (the "Investment Company Act"). The Shares of the Company have not been and will not be registered under the United States Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state of the US and such Shares may be offered, sold or otherwise transferred only in compliance with the Securities Act of 1933 and such state or other securities laws. The Shares of the Company may not be offered or sold to or for the account, of any US Person. For these purposes, US Person shall mean any person defined as a US person under Regulation S of the Securities Act.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

## Investment Restrictions applying to Canadian Investors

The Shares of the Company will not be publicly offered in Canada. Any offering of Shares of the Company in Canada will be made only by way of private placement: (i) pursuant to a Canadian offering memorandum containing certain prescribed disclosure, (ii) on a basis which is exempt from the requirement that the Company prepare and file a prospectus with the relevant Canadian securities regulatory authorities and pursuant to applicable requirements in the relevant Canadian jurisdictions, and (iii) to persons or entities that are "accredited investors" (as such term is defined in National Instrument 45-106 Prospectus and Registration Exemptions) and, if required, "permitted clients" (as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations).

The Management Company is not registered in any capacity in any jurisdiction in Canada and may rely on one or more exemptions from various registration requirements in certain Canadian jurisdictions. In addition to being an "accredited investor", a Canadian-resident Investor may also be required to be a "permitted client". If a Canadian-resident Investor, or an Investor that has become a Canadian-resident after purchasing Shares of the Company, is required to be a "permitted client" and does not qualify, or no longer qualifies, as a "permitted client", the Investor will not be able to purchase any additional Shares of the Company and may be required to redeem its outstanding Shares.

## Investment Restrictions applying to Hong Kong Investors

Unless otherwise disclosed in this Prospectus or other supplementary documents thereto, this Prospectus contains information on Funds that are not authorised by the Securities & Futures Commission of Hong Kong (the "SFC") pursuant to Section 104 of the Securities and Futures Ordinance ("SFO").

No offer shall be made to the public of Hong Kong in respect of the unauthorised Funds. Such unauthorised Funds may only be offered or sold in Hong Kong to persons who are "professional investors" as defined in the SFO (and any rules made under the SFO) or in other circumstances which do not otherwise contravene the SFO.

In addition, this Prospectus may only be distributed, circulated or issued to persons who are "professional investors" under the SFO (and any rules made thereunder) or as otherwise permitted under the Hong Kong laws.

## 2.2. Redemption and Switching of Shares

### Redemption Procedure

Redemption instructions accepted by the Transfer Agent for any Dealing Day received before the Dealing Cut-off Time as specified in Appendix III, or such other time at the Directors' discretion, will normally be executed at the relevant Net Asset Value per Share calculated on the Dealing Day (less any applicable redemption charge). Instructions accepted by the Transfer Agent after the Dealing Cut-off Time will normally be executed on the following Dealing Day.

Execution of a redemption instruction can only be granted if the related registered holding level allows for it. In cases where dealing is suspended in a Fund from which a redemption has been requested, the processing of the redemption will be held over until the next Dealing Day where dealing is no longer suspended.

Instructions to redeem Shares may be given to the Transfer Agent by completing the form requesting redemption of Shares or by letter, facsimile transmission, or other means approved by the Transfer Agent where the account reference and full details of the redemption must be provided. All instructions must be signed by the registered Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney.

### Redemption Proceeds

#### **Different settlement procedures may apply if instructions to redeem Shares are communicated via Distributors.**

Redemption proceeds are normally paid by the Company by bank transfer or electronic transfer and will be instructed to be made at no cost to the Shareholder, provided the Company is in receipt of all documents required. The settlement period of the redemption proceeds for each Fund is specified in Appendix III. Redemption proceeds will normally be paid in the currency of the relevant Share Class. However, at the request of the Shareholder, a currency exchange service for redemptions is provided to the Shareholder by the Transfer Agent acting on behalf of the Company. The cost of currency exchange services and other related expenses will be borne by the relevant Shareholder. Details of the charge applied to foreign exchange transactions, which is retained by the Management Company, are available upon request from the Management Company acting on behalf of the Company. This currency exchange service will not be available for certain Funds, as indicated in Appendix III. For such Funds, redemption proceeds shall be paid in the currency of the relevant Share Class. Any non-Dealing Days for a Fund falling within the settlement period are excluded from the calculation of the settlement date. If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next Business Day on which those banks are open. The Company, Management Company or Transfer Agent are not responsible for any delays or charges incurred at any receiving bank or settlement system nor are they responsible for delays in settlement which may occur due to the timeline for local processing of payments within some countries or by certain banks.

If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within the settlement period of each Fund specified in Appendix III, (e.g., when the liquidity of the relevant Fund does not permit), payment will



be made as soon as reasonably practicable thereafter (not exceeding, however, thirty Business Days) at the Net Asset Value per Share calculated on the relevant Dealing Day.

### Redemptions in Kind

The Directors may from time to time permit redemptions in kind. Any such redemption in kind will be valued in accordance with the requirements of Luxembourg law. In case of a redemption in kind, Shareholders will have to bear costs incurred by the redemption in kind (mainly costs resulting from drawing-up of the independent auditor's report) unless the Company considers that the redemption in kind is in its own interest or made to protect its own interests. Requests for redemptions in kind may only be accepted if the total Net Asset Value of the Shares to be redeemed in a Fund is at least EUR 10,000,000 or an equivalent amount in another currency, unless otherwise determined from time to time by the Directors.

### Switching Procedure

A switch transaction is one where an existing Shareholder decides to convert its Shares in a particular Share Class (the "Original Class") into another Share Class (the "New Class") either within the same Fund or a different Fund within the Company.

Acceptance by the Transfer Agent of switching instructions will be subject to the availability of the New Class and to the compliance with any eligibility requirements and/or other specific conditions attached to the New Class (such as minimum subscription and holding amounts). A switch transaction is processed as a redemption from the Original Class followed by a subscription into the New Class.

If the Original and New Classes involved in a switch transaction have the same Dealing Cut-off Time and Dealing Days, switching instructions accepted by the Transfer Agent before the Dealing Cut-off Time as specified in Appendix III, or such other time at the Directors' discretion, will normally be executed on the Dealing Day associated with the receipt of the instruction and will normally be executed based on the relevant Net Asset Values per Share of both Share Classes calculated for that Dealing Day (less any applicable switching charge).

However, the following rules will apply if the settlement period in the New Class is shorter than that of the Original Class and/or if the Original and New Classes are subject to different Dealing Days or Dealing Cut-off Times, or different day or time of the Net Asset Value per Share availability; or if the Original and New Classes are subject to different Fund holidays or different currency holidays during the settlement cycle:

- (A) the redemption will be dealt with on the Dealing Day relating to the receipt of the switching instruction with the Net Asset Value per Share of the Original Class calculated for that Dealing Day, and
- (B) the subscription will be executed at the next earliest Dealing Day applicable for the New Class with the Net Asset Value per Share of the New Class calculated for that Dealing Day, and
- (C) the subscription may be further deferred to a later Dealing Day so that the settlement date for the subscription will always match or follow the settlement date for the redemption (if possible both settlement periods will be matched), and

- (D) where the redemption is settled before the subscription, the redemption proceeds will remain on the Company's collection account and interest accrued will be for the benefit of the Company.

In cases where dealing is suspended in a Fund from or to which a switch has been requested, the processing of the switch will be held over until the next Dealing Day when dealing is no longer suspended. The switching procedures described above will continue to apply.

Instructions to switch Shares may be given to the Transfer Agent by completing the switch form or by letter, facsimile transmission or other means approved by the Transfer Agent where the account reference and the number of Shares to be switched between named Share Classes must be provided. All instructions must be signed by the registered Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney. The power of attorney form acceptable to the Management Company is available on request.

Instructions to switch Shares between Share Classes denominated in different currencies will be accepted. A currency exchange service for such switches is provided by the Transfer Agent acting on behalf of the Company. Details of the charge applied to foreign exchange transactions, which is retained by the Management Company, are available upon request from the Management Company acting on behalf of the Company. The cost of currency exchange services and other related expenses will be borne by the relevant Shareholder.

The Directors may, at their discretion, allow certain selected Distributors to make a charge for switching which shall not exceed 1% of the value of the Share being requested to be switched.

The same principles may apply if Investors instruct switches between investment funds belonging to different legal structures within Schroders' fund ranges.

Shareholders should seek advice from their local tax advisers to be informed on the local tax consequences of such transactions.

### General

**Different redemption and switching procedures may apply if instructions to switch or redeem Shares are communicated via Distributors.**

**All instructions to redeem or switch Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.**

**Instructions to make payments to third parties will only be accepted at the Management Company's discretion.**

The value of Shares held by any Shareholder in any one Share Class after any switch or redemption should generally exceed the minimum investment as specified in Appendix III.

Unless waived by the Management Company, if, as a result of any switch or redemption request, the amount invested by any Shareholder in a Share Class in any one Fund falls below the minimum holding for that Share Class, it will be treated as an instruction to redeem or switch, as appropriate, the Shareholder's total holding in the relevant Share Class.

The Directors may permit, if they deem it appropriate, different Dealing Cut-off Times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different Dealing Cut-off Times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable Dealing Cut-off Time applied to Shareholders must always precede the Dealing Cut-off Time referred to in Appendix III.

Confirmations of transactions will normally be dispatched by the Transfer Agent on the next Business Day following the Dealing Day relevant to those redemption or switching transactions. Shareholders should promptly check these confirmations to ensure that they are correct in every detail.

Switching or redemption requests will be considered binding and irrevocable by the Management Company and will, at the discretion of the Management Company, only be executed where the relevant Shares have been duly issued.

Instructions to make payments to third parties will only be accepted at the Management Company's discretion.

### 2.3. Restrictions on Subscriptions and Switches into certain Funds or Share Classes

A Fund or Share Class may be closed to new subscriptions or switches in (but not to redemptions or switches out) if, in the opinion of the Management Company, the closure is necessary to protect the interests of existing Shareholders. Without limiting the circumstances where the closure may be appropriate, the circumstances would be where the Fund or a Share Class has reached a size such that the capacity of the market has been reached or that it becomes difficult to manage in an optimal manner, and/or where to permit further inflows would be detrimental to the performance of the Fund or the Share Class. Notwithstanding the above, the Management Company may, at its discretion, allow the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, a Fund, or Share Class, will not be re-opened until, in the opinion of the Management Company, the circumstances which required closure no longer prevail. A Fund or Share Class may be re-opened to new subscriptions or switches in without notice to Shareholders.

Investors should contact the Management Company or check the website [www.schroders.lu](http://www.schroders.lu) for the current status of the relevant Funds or Share Classes and for subscription opportunities that may occur (if any).

Capacity Restricted Dealing ("CRD") may be implemented for Funds and Share Classes which are closed to new subscriptions or switches in. Any Investor who wants to invest in a Fund or Share Class for which CRD is in effect must submit an expression of interest ("EOI") form to the Management Company, which can be found on the website: [www.schroders.lu/crd](http://www.schroders.lu/crd). Investors who have submitted a valid EOI form will be placed on a waiting list and contacted by the Management Company should capacity become available. Investors will be contacted strictly in date order that the EOI forms were accepted by the Management Company. The EOI form contains a maximum subscription limit which Investors may not exceed. The Management Company reserves the right to reject or scale back subscriptions if the total subscription amount is in excess of the limit stated in the terms and conditions of the EOI form. Investors who have not submitted an EOI form will not (while CRD remains in effect) be permitted to invest in the Fund or Share Class

should capacity become available. Investors should contact the Management Company or check the website [www.schroders.lu/crd](http://www.schroders.lu/crd) for more detail on how the CRD facility will operate and for the list of closed Funds or Share Classes for which CRD is in effect. The normal eligibility requirements will apply to any applications made under the CRD process.

### 2.4. Calculation of Net Asset Value

#### Calculation of the Net Asset Value per Share

- (A) The Net Asset Value per Share of each Share Class will be calculated on each Dealing Day in the currency of the relevant Share Class. It will be calculated by dividing the Net Asset Value attributable to each Share Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Share Class then in issue. The resulting sum shall be rounded to the nearest up to four decimal places.
- (B) The Directors reserve the right to allow the Net Asset Value per Share of each Share Class to be calculated more frequently than specified in Appendix III, or to otherwise alter dealing arrangements on a permanent or a temporary basis, for example, where the Directors consider that a material change to the market value of the investments in one or more Funds so demands. The Prospectus will be amended, following any such permanent alteration, and Shareholders will be informed accordingly.
- (C) In valuing total assets, the following rules will apply unless otherwise provided for in Appendix III in respect of a Money Market Fund:
  - (1) The value of any cash in 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 in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof.
  - (2) The value of such securities, financial derivative instruments and assets will be determined on the basis of the last available price on the stock exchange or any other Regulated Market as aforesaid on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or by more than one stock exchange or any other Regulated Market, the Directors shall make regulations for the order of priority in which stock exchanges or other Regulated Markets shall be used for the provisions of prices of securities or assets.
  - (3) If a security is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities so traded or admitted the last available price of which does not reflect their true value, the Directors are required to proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.
  - (4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organized market are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's

initiative. The reference to fair value shall be understood as a reference to the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction. The reference to reliable and verifiable valuation shall be understood as a reference to a valuation, which does not rely only on market quotations of the counterparty and fulfils the following criteria:

- (I) The basis of the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate, recognised methodology.
  - (II) Verification of the valuation is carried out by one of the following:
    - (a) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that the Company is able to check it;
    - (b) a unit within the Company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.
  - (5) Units or shares in UCIs shall be valued on the basis of their last available net asset value as reported by such undertaking.
  - (6) Liquid assets and Money Market Instruments will usually be valued on a Mark-to-Market basis.
  - (7) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Company's assets, the Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
  - (8) Any assets or liabilities in currencies other than the Fund Currency (as defined in Appendix III) will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.
- (D) If on any Dealing Day the aggregate transactions in Shares of a Fund result in a net increase or decrease of Shares which exceeds a threshold set by the Directors from time to time for that Fund (relating to the cost of market dealing for that Fund), the Net Asset Value of the Fund will be adjusted, to the extent allowed by applicable law, by an amount (not exceeding 2% of that Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the Fund invests. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. Please see "Dilution" and "Dilution Adjustment" below for more details.

## Dilution

The Funds are single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or

switches in and out of the Fund. This is known as "dilution". In order to counter this and to protect Shareholders' interests, the Management Company will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Management Company will make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs to be incurred by the Funds in liquidating or purchasing investments on occasions when these are deemed to be significant.

## Dilution Adjustment

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switches and redemptions received by a Fund for each Dealing Day. The Management Company therefore reserves the right to make a dilution adjustment where a Fund experiences a net cash movement which exceeds a threshold set by the Directors from time to time of the previous Dealing Day's total Net Asset Value.

The Management Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

The dilution adjustment is applied on the capital activity at the level of the Funds and does not address the specific circumstances of each individual Investor transaction.

Where a dilution adjustment is made, it will typically increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in the Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class identically.

As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Management Company will need to make such dilution adjustments.

Because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but will not exceed 2% of the relevant Net Asset Value. The Management Company will review and, as the case may be, adapt this threshold from time to time.

The Company currently applies dilution to all of its Funds

## General

**The Directors are authorised, to the extent allowed by applicable by law, to apply other appropriate valuation principles for the assets of the Funds and/or the assets of a given Share Class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.**

## 2.5. Suspensions or Deferrals

- (A) The Company reserves the right not to accept instructions to redeem or switch on any one Dealing Day more than 10% of the total value of Shares in issue of any Fund. In these circumstances, the Directors may declare

that the redemption of part or all Shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next Dealing Day and will be valued at the Net Asset Value per Share prevailing on that Dealing Day. On such Dealing Day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the Transfer Agent.

(B) The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty calendar days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of a Fund are invested or in exceptional circumstances where the liquidity of a Fund is not sufficient to meet the redemption requests.

(C) The Company may suspend or defer the calculation of the Net Asset Value per Share of any Share Class in any Fund and the issue and redemption of any Share Class in such Fund, as well as the right to switch Shares of any Share Class in any Fund into Shares of the same Share Class of the same Fund or any other Fund:

- (1) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Company's investments of the relevant Fund for the time being are quoted, is closed, or during which dealings are restricted or suspended; or
- (2) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Fund by the Company is impracticable; or
- (3) during any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange; or
- (4) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or
- (5) if the Company or a Fund 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 Company or a Fund is proposed; or
- (6) if the Directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable to a particular Fund in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or
- (7) during any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or any other detriment, which the Company or its Shareholders might so otherwise have suffered; or

(8) during any period when the determination of the Net Asset Value per Share of and/or the redemptions in the underlying Investment Funds representing a material part of the assets of the relevant Fund is suspended; or

(9) during any period where circumstances exist that would justify the suspension for the protection of Shareholders in accordance with the Law.

(D) The suspension of the calculation of the Net Asset Value per Share of any Fund or Share Class shall not affect the valuation of other Funds or Share Classes, unless these Funds or Share Classes are also affected.

(E) During a period of suspension or deferral, a Shareholder may withdraw his request in respect of any Shares not redeemed or switched, by notice in writing received by the Transfer Agent before the end of such period.

(F) Moreover, in accordance with the provisions on mergers of the Law, the Company may temporarily suspend the subscription, the redemption or the repurchase of its Shares, provided that any such suspension is justified for the protection of the Shareholders.

Shareholders will be informed of any suspension or deferral as appropriate.

## 2.6. Market Timing and Frequent Trading Policy

The Company does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

For the purposes of this section, market timing is held to mean subscriptions into, switches between or redemptions of Shares from the various Share Classes (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, switches between or redemptions of Shares from the various Share Classes (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Fund's other Shareholders.

Accordingly, the Directors may, whenever they deem it appropriate, cause the Management Company to implement either one, or both, of the following measures:

- The Management Company may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Directors and/or Management Company reserve the right to cause the Transfer Agent to reject any application for switching and/or subscription of Shares from Investors whom the former considers market timers or frequent traders.
- If a Fund is primarily invested in markets which are closed for business at the time the Fund is valued, the Directors may, during periods of market volatility, and by derogation from the provisions above, under "Calculation of Net Asset Value", cause the Management Company to allow for the Net Asset Value per Share to be adjusted to reflect more accurately the fair value of the Fund's investments at the point of valuation.

As a result, where the Directors believe that a significant event has occurred between the close of the markets in which a Fund invests and the point of valuation, and that such event will materially affect the value of that Fund's portfolio, they may cause the Management Company to adjust the Net Asset Value per Share so as to reflect what is believed to be the fair value of the portfolio as at the point of valuation ("fair value pricing").

The level of adjustment will be based upon the movement in a chosen surrogate up until the point of valuation, provided that such movement exceeds the threshold as determined by the Directors for the relevant Fund. The surrogate will usually be in the form of a futures index, but might also be a basket of securities, which the Directors believe is strongly correlated to, and representative of, the performance of the Fund.

Where an adjustment is made as per the foregoing, it will be applied consistently to all Share Classes in the same Fund.

# Section 3

## 3. General Information

### 3.1. Administration Details, Charges and Expenses

#### Directors

Each of the Directors is entitled to remuneration for his services at a rate determined by the Company in the general meeting from time to time. In addition, each Director may be paid reasonable expenses incurred while attending meetings of the Board of Directors or general meetings of the Company. Directors who are also directors/employees of the Management Company and/or any Schroders' company will waive their Directors' remuneration. External Directors will be remunerated for their services.

#### Management Company

The Directors have appointed Schroder Investment Management (Europe) S.A. as its management company to perform investment management, administration and marketing functions as described in Annex 2 of the Law.

The Management Company has been permitted by the Company to delegate certain administrative, distribution and management functions to specialised service providers. In that context, the Management Company has delegated certain administration functions to J.P. Morgan Bank (Luxembourg) S.A. and HSBC France, Luxembourg Branch, and may delegate certain marketing functions to entities which form part of the Schroders group. The Management Company has also delegated certain management functions to the Investment Managers and currency hedging to HSBC Bank Plc for hedged Share Classes as more fully described below.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered 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 with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company is entitled to receive the customary charges for its services as administration agent, coordinator, domiciliary agent and global distributor. These fees accrue on each Dealing Day at an annual rate of up to 0.3% by reference to the Net Asset Value of the relevant Fund and are paid monthly in arrears. As the administration charge is a fixed percentage of the Net Asset Value of the Fund it will not vary with the cost of providing the relevant services. As such the Management Company could make a profit (or loss) on the provision of those services, which will fluctuate over time on a Fund by Fund basis. These fees are subject from time to time to review by the Management Company and the Company. The Management Company is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred in carrying out its duties. The Management Company may at its discretion part pay or pay in full any costs or expenses incurred by the Company with a view to limiting the overall costs and expenses borne by investors in the Company, or a particular Fund or Share Class.

Schroder Investment Management (Europe) S.A. was incorporated as a "Société Anonyme" in Luxembourg on 23 August 1991 and has an issued and fully paid up share capital of EUR 12,867,092.98. Schroder Investment Management (Europe) S.A. has been authorised as a management company under chapter 15 of the Law and, as such, provides collective portfolio management services to UCIs.

The Management Company is also acting as management company for other Société d'Investissement à Capital Variable or Fonds Communs de Placement. A full list is available from the Management Company upon demand.

The directors of the Management Company are:

- Carolyn Sims (Chairman), Chief Financial Officer, Wealth Management, Schroder & Co. Limited.
- Finbarr Browne, Chief Executive Officer, Schroder Investment Management (Europe) S.A.
- John Hennessey, Chief Operating Officer, Distribution, Schroder Investment Management Limited.
- Peter Hilborne, Chief Operating Officer, Operations, Schroder Investment Management Limited.
- Vanessa Grueneklee, Head of Investment Management and Distribution Services, Schroder Investment Management (Europe) S.A.
- Chris Burkhardt, Chief Operating Officer, Schroder Investment Management (Europe) S.A.

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Company, that:

- are consistent with and promote sound and effective risk management and do not encourage risk taking which is inconsistent with the risk profiles and rules of the Company or with its Articles;
- are in line with the business strategy, objective, values and interests of the Management Company, the Company and its Investors and include measures to avoid conflicts of interest;
- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the Investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks; and
- appropriately balance fixed and variable components of total remuneration.

Schroders has an established Remuneration Committee consisting of independent non-executive directors of Schroders plc. The Remuneration Committee met five times during 2017. Their responsibilities include recommending to the board of Schroders plc the Schroders group policy on directors' remuneration, overseeing the remuneration

governance framework and ensuring that remuneration arrangements are consistent with effective risk management. The role and activities of the Remuneration Committee and their use of advisors are further detailed in the Remuneration Report and the Remuneration Committee's Terms of Reference (both available on the Schroders group website).

The Management Company delegates responsibility for determining remuneration policy to the Remuneration Committee of Schroders plc. The Management Company defines the objectives of each UCITS fund it manages and monitors adherence to those objectives and conflict management. The Remuneration Committee receives reports from the Management Company regarding each fund's objectives, risk limits and conflicts register and the performance against those measures. The Remuneration Committee receives reports on risk, legal and compliance matters from the heads of those areas in its consideration of compensation proposals, which provides an opportunity for any material concerns to be escalated.

A summary of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, including the composition of the Remuneration Committee, are available at [www.schroders.com/remuneration-disclosures](http://www.schroders.com/remuneration-disclosures). A paper copy is available free of charge upon request at the registered office of the Management Company.

### **Investment Managers**

The Investment Managers may on a discretionary basis acquire and dispose of securities of the Funds for which they have been appointed as investment adviser and manager, subject to and in accordance with instructions received from the Management Company and/or the Company from time to time, and in accordance with stated investment objectives and restrictions. The Investment Managers are entitled to receive as remuneration for their services investment management fees whose percentage is disclosed for each Fund in Appendix III. Such fees are calculated and accrued on each Dealing Day by reference to the Net Asset Values of the Funds and paid monthly in arrears. In the performance of their duties, Investment Managers may seek, at their own expense, advice from investment advisers.

### **Marketing of the Shares and terms applying to Distributors**

The Management Company shall perform its marketing functions by appointing and, as the case may be, terminating, coordinating among and compensating third party distributors of good repute in the countries where the Shares of the Funds may be distributed or privately placed. Third party distributors shall be compensated for their distribution, shareholder servicing and expenses. Third party distributors may receive a part of the Ongoing Charge as well as a portion of or all the initial charge.

Distributors may only market the Company's Shares if the Management Company has authorised them to do so.

Distributors shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. Distributors shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients.

Distributors must not act in any way that would be damaging or onerous on the Company in particular by submitting the Company to regulatory, fiscal or reporting information it would otherwise not have been subject to. Distributors must not hold themselves out as representing the Company.

In certain countries, Investors may be charged additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

Regular savings plans may be available in certain countries. If a savings plan is terminated before the agreed final date, the amount of the initial charge paid may be greater than it would have been in the case of a standard subscription. Further details can be obtained from the local distributor.

### **Structured Products**

Investment in the Shares for the purpose of creating a structured product replicating the performance of the Funds is only permitted after entering into a specific agreement to this effect with the Management Company. In the absence of such an agreement, the Management Company can refuse an investment into the Shares if this is related to a structured product and deemed by the Management Company to potentially conflict with the interest of other Shareholders.

### **Depositary**

J.P. Morgan Bank Luxembourg S.A. has been appointed by the Company as the depositary bank of the Company in charge of (i) the safekeeping of the assets of the Company (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as may be agreed in writing from time to time between the Company and the Depositary.

J.P. Morgan Bank Luxembourg S.A. is a credit institution incorporated in Luxembourg as a "Société Anonyme" for an unlimited duration on 16 May, 1973 whose registered office is at European Bank & Business Centre, 6, route de Trèves, 2633 Senningerberg, Grand Duchy of Luxembourg and which is registered with the Luxembourg register of commerce and companies under number B10958. It is licensed to carry out banking activities under the terms of the Luxembourg Law of 5 April 1993 on the financial services sector, as amended. On 31 December 2016, its capital reserves amounted to USD 1,251,445,366. The principal activities of J.P. Morgan Bank Luxembourg S.A. are custodial and investment administration services.

The Depositary is entrusted with the safekeeping of the Company's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depositary or, to the extent permitted by applicable laws and regulations, through every third-party custodian/sub-custodian providing, in principle, the same guarantees as the Depositary itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the Luxembourg Law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depositary also ensures that the Company's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Company has been booked in the cash account in the name of (i) the Company, (ii) the Management Company on behalf of the Company or (iii) the Depositary on behalf of the Company.

In addition, the Depositary shall:

- (A) ensure that the sale, issue, repurchase, redemption and cancellation of the Shares of the Company are carried out in accordance with Luxembourg law and the Articles;
- (B) ensure that the value of the Shares of the Company is calculated in accordance with Luxembourg law and the Articles;
- (C) carry out the instructions of the Company, unless they conflict with Luxembourg law or the Articles;
- (D) ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- (E) ensure that the Company's income is applied in accordance with Luxembourg law and the Articles.

The Depositary regularly provides the Company with a complete inventory of all assets of the Company.

Pursuant to the provisions of the Depositary and Custodian Agreement, the Depositary may, subject to certain conditions and in order to more efficiently conduct its duties, delegate part or all of its safekeeping duties over the Company's assets including but not limited to holding assets in custody or, where assets are of such a nature that they cannot be held in custody, verification of the ownership of those assets as well as record-keeping for those assets, to one or more third-party delegates appointed by the Depositary from time to time.

The Depositary shall exercise due skill, care and diligence in choosing and appointing the third-party delegates and in the periodic review and ongoing monitoring of any such third-party delegates and of the arrangements of the third party in respect of the matters delegated to it.

The liability of the Depositary shall not be affected by the fact that it has entrusted all or some of the Company's assets in its safekeeping to such third-party delegates.

In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or the corresponding amount to the Company without undue delay, except if such loss results from an external event beyond the Depositary's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping, fund administration or related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise (i) from the delegation by the Depositary to its safekeeping delegates or (ii) generally between the interests of the Depositary and those of the Company, its Shareholders or the Investment Manager; for example, where an affiliate of the Depositary is providing a product or service to a fund and has a financial or business interest in such product or service or receives remuneration for other related products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation, fund administration, fund accounting or transfer agency services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws including Article 25 of the UCITS V Directive.

The Depositary follows a third party oversight process in the selection and on-going monitoring of third party delegates. The Depositary's selection and on-going monitoring criteria include inter-alia a review of financial standing of the provider as well as performance against defined standards of services and local legal advice on protection of assets on insolvency and other relevant issues. The Depositary maintains a governance framework via regular meetings and MIS to ensure adherence to the Depositary's policies and procedures.

A list of the third party delegates appointed by the Depositary pursuant to the Depositary and Custodian Agreement can be found in Appendix IV. Up-to-date information on the identity of the Depositary, its duties, of conflicts of interest, of the delegated safekeeping functions and of any conflicts of interest that may arise from such a delegation (or, if applicable, sub-delegation) will be made available to Investors on request.

The Depositary may receive a fee in relation to these fiduciary services, which is set at a rate of up to 0.005% per annum of the Net Asset Value of the Company.

The Depositary will receive from the Company such fees and commissions as are in accordance with usual practice in Luxembourg as well as accounting fees covering the Company's accounting. The custody safe keeping services and transaction fees are paid on a monthly basis and calculated and accrued on each Business Day. The percentage rate of the safekeeping fee and the level of transaction fees vary, according to the country in which the relevant activities take place, up to a maximum of 0.3% per annum and USD 75 per transaction respectively.

Fees relating to core fund accounting and valuation services are calculated and accrued on each Business Day at an annual rate of up to 0.0083% of the Net Asset Value of a Fund. Additional fees may be due from each Fund for additional services such as non-standard valuations, additional accounting services, for example performance fee calculations and for tax reporting services.

Fiduciary fees, custody safekeeping and transaction fees, together with fund accounting and valuation fees, may be subject to review by the Depositary and the Company from time to time. In addition, the Depositary is entitled to any reasonable expenses properly incurred in carrying out its duties.

The amounts paid to the Depositary will be shown in the Company's financial statements.

The Depositary has also been appointed to act as listing agent for the Company in relation to the listing of its Shares on the Luxembourg Stock Exchange and will receive customary fees for the performance of its duties as such.

#### **Transfer Agent, Registrar and Principal Paying Agent**

With effect from 1 July 2019, the Management Company has delegated the transfer agency, registrar and principal paying agent functions to HSBC France, Luxembourg Branch (the Transfer Agent). Fees, expenses and out-of-pocket expenses relating to the services performed by the Transfer Agent are borne by the Management Company.

#### **Other Charges and Expenses**

The Company will pay all charges and expenses incurred in the operation of the Company including, without limitation, taxes, expenses for legal and auditing services, brokerage, governmental duties and charges, stock exchange listing



expenses, settlement costs and bank charges and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the Shares of the Company may be marketed in different countries; expenses incurred in the issue, switch and redemption of Shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of Share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs of printing proxies, statements, Share certificates or confirmations of transactions, Shareholders' reports, prospectuses and supplementary documentation, explanatory brochures and any other periodical information or documentation. In certain circumstances expenses payable by the Company may also comprise investment research fees.

In addition to standard banking and brokerage charges paid by the Company, Schroders' companies providing services to the Company may receive payment for these services. Investment Managers may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Company, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Company. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice.

### 3.2. Performances Fees

In consideration of the services provided by the respective Investment Managers in relation to the Funds, the former are entitled to receive a performance fee, in addition to investment management fees. Three models are used to calculate performance fees, as described below, and details of which model is being used for a particular Fund can be found in Appendix III. It should also be noted that the performance fee is calculated prior to any dilution adjustments.

#### (A) Performance Fees - Using a hurdle or benchmark with a High Water Mark

The performance fee becomes due in the event of outperformance, that is if the increase in the Net Asset Value per Share during the relevant performance period (before deduction of any provision for the performance fee) exceeds the hurdle, or in the case of a performance fee based on outperformance over a benchmark, the increase in the relevant benchmark over the same period, in accordance with the high water mark principle, i.e. by reference to the Net Asset Value per Share at the end of any previous performance period (before deduction of any provision for the performance fee) (the High Water Mark). The performance period shall normally be each financial year except that where the Net Asset Value per Share as at the end of the financial year (before deduction of any provision for the performance fee) is lower than the High Water Mark, the performance period will commence on the date of the High Water Mark. If a performance fee is introduced on a Fund during a financial year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee, if applicable, is payable yearly during the month immediately following the end of each financial year. In addition if a Shareholder redeems or switches all or part of their Shares before the end of a

performance period, any accrued performance fee with respect to such Shares will crystallise on that Dealing Day and will then become payable to the Investment Manager. The High Water Mark is not reset on those Dealing Days at which performance fees crystallise following the redemption or switch of Shares.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the same Fund, which therefore may become subject to different amounts of performance fee.

A Share Class performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day (before deduction of any provision for the performance fee) and the hurdle, multiplied by the average number of Shares in issue over the financial year or in the case of a performance fee based on outperformance over a benchmark the higher of the Target Net Asset Value per Share (i.e. the hypothetical Net Asset Value per Share assuming a performance based on the benchmark until the preceding Dealing Day) or the High Water Mark, multiplied by the average number of Shares in issue over the current financial year.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Share's performance, positive or negative, calculated as described above. If the Net Asset Value per Share (before deduction of any provision for the performance fee) on any given Dealing Day is lower than the Target Net Asset Value or the High Water Mark, the provision made on such Dealing Day is returned to the relevant Share Class within the relevant Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Manager pay money into a Fund or to any Shareholder for any underperformance.

#### (B) Performance Fees - Using benchmark without a High Water Mark

The performance fee is due in the event of outperformance, that is, if the performance, positive or negative, of the Net Asset Value per Share (before deduction of any provision for the performance fee) exceeds the performance of the relevant benchmark over the same period. The performance period shall normally be each year except in the event of underperformance, when the performance fee period will continue into the following year and thereafter in the event of continued underperformance. If a performance fee is introduced on an additional Fund during a financial year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee, if applicable, is specified for each Fund in the Fund Details section in Appendix III, and is payable yearly during the month immediately following the end of each financial year.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the same Fund, which therefore may become subject to different amounts of performance fee.

A Share Class performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day

(before deduction of any provision for the performance fee) and the Target Net Asset Value per Share (i.e. the hypothetical Net Asset Value per Share assuming a performance based on the benchmark (see below) until the preceding Dealing Day), multiplied by the average number of Shares in issue over the period from the start of the performance period to the relevant Dealing Day.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Share Class' performance, positive or negative, calculated as described above. If the Net Asset Value per Share (before deduction of any provision for the performance fee) on any given Dealing Day is lower than the Target Net Asset Value, the provision made on such Dealing Day is returned to the relevant Share Class within the relevant Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Managers pay money into any Fund or to any Shareholder for any underperformance.

### **(C) Performance Fees – On absolute returns with a High Water Mark**

The performance fee becomes due in the event of outperformance, that is, if the Net Asset Value per Share at the end of the relevant performance period (before deduction of any provision for the performance fee) exceeds the High Water Mark, i.e. by reference to the Net Asset Value per Share at the end of any previous performance period (before deduction of any provision for the performance fee) (the High Water Mark). The performance period shall normally be each financial year except that where the Net Asset Value per Share as at the end of the financial year (before deduction of any provision for the performance fee) is lower than the High Water Mark, the performance period will commence on the date of the High Water Mark. If a performance fee is introduced on a Fund during a financial year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee is payable yearly during the month immediately following the end of each financial year. In addition if a Shareholder redeems or switches all or part of their Shares before the end of a performance period, any accrued performance fee with respect to such Shares will crystallise on that Dealing Day and will then become payable to the Investment Manager. The High Water Mark is not reset on those Dealing Days at which performance fees crystallise following the redemption or switch of Shares.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the Fund, which therefore may become subject to different amounts of performance fee.

A Share Class' performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day (before deduction of any provision for the performance fee) and the High Water Mark, multiplied by the average number of Shares in issue over the financial year.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Shares' performance, positive or negative, calculated as described above. If the Net Asset Value per Share (before deduction of any provision for the performance fee) of the Fund on the Dealing Day is lower

than the High Water Mark, the provision made on such Dealing Day is returned to the relevant Share Class within the relevant Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Manager pay money into a Fund or to any Shareholder for any underperformance.

At the time of issue of this Prospectus, the relevant Funds and Share Classes in relation to which a performance fee may be introduced are specified in the Fund Details in Appendix III, as appropriate, including details of any hurdle or benchmark used. For the avoidance of doubt, the benchmarks mentioned in Appendix III are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style.

In relation to currency hedged Share Classes, currency hedged versions of the relevant performance fee benchmark (including currency equivalent cash benchmarks) may be used for performance fee calculation purposes.

### **3.3. Company Information**

- (A) The Company is an umbrella structured open-ended investment company with limited liability, organised as a "société anonyme" and qualifies as a SICAV under Part I of the Law. The Company was incorporated on 7 February 1997 and its Articles were published in the Mémorial on 11 March 1997. The Articles were last amended on 20 March 2019. The Company is registered with the Luxembourg register of commerce and companies under number B.58066, where the Articles have been filed and are available for inspection. The Company exists for an indefinite period.
- (B) The minimum capital of the Company required by Luxembourg law is EUR 1,250,000. The share capital of the Company is represented by fully paid Shares of no par value and is at any time equal to its net asset value. Should the capital of the Company fall below two thirds of the minimum capital, an extraordinary general meeting of Shareholders must be convened to consider the dissolution of the Company. Any decision to liquidate the Company must be taken by the simple majority of the votes of the Shareholders present or represented at the meeting. Where the share capital falls below one quarter of the minimum capital, the Directors must convene an extraordinary general meeting of Shareholders to decide upon the liquidation of the Company. At that meeting, the decision to liquidate the Company may be taken by Shareholders holding together one quarter of the votes cast of the Shares present or represented.
- (C) The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into:
- (1) Fund Services Agreement between the Company and Schroder Investment Management (Europe) S.A., under which the Company appoints Schroder Investment Management (Europe) S.A. as its Management Company;
  - (2) Depositary and Custodian agreement between the Company and J.P. Morgan Bank Luxembourg S.A.

- (D) The material contracts listed above may be amended from time to time by agreement between the parties thereto.
- (E) In relation to the Depositary and Custodian Agreement listed above:
- (1) The Depositary or the Company may terminate the Depositary and Custodian Agreement at any time upon sixty (60) calendar days' written notice (or earlier in case of certain breaches of the Depositary and Custodian Agreement provided that the Depositary and Custodian Agreement shall not terminate until a replacement depositary is appointed.
  - (2) Up-to-date information regarding the description of the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary, the list of third-party delegates and any conflicts of interest that may arise from such a delegation will be made available to Investors on request at the Company's registered office.

### Documents of the Company

Copies of the Articles, Prospectus, Key Investor Information Documents and financial reports may be obtained free of charge and upon request, from the registered office of the Company. The material contracts referred to above are available for inspection during normal business hours, at the registered office of the Company.

### Historical Performance of the Funds

Past performance information for each Fund in operation for more than one financial year of the Company is carried in that Fund's Key Investor Information Documents, which is available from the registered office of the Company and on the Internet at [www.schroders.lu](http://www.schroders.lu). Past performance information is also available in the Fund fact sheets found on the Internet at [www.schroders.lu](http://www.schroders.lu) and upon request from the registered office of the Company.

### Shareholder Notifications

Relevant notifications or other communications to Shareholders concerning their investment in the Company may be posted on the website [www.schroders.lu](http://www.schroders.lu). In addition, and where required by Luxembourg law or the CSSF, Shareholders will also be notified in writing or in such other manner as prescribed under Luxembourg law. In particular, Shareholders should refer to 1.6 Meetings and Reports of this section.

### Queries and Complaints

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Compliance Officer, Schroder Investment Management (Europe) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg.

## 3.4. Dividends

### Dividend Policy

It is intended that the Company will distribute dividends to holders of Distribution Shares in the form of cash in the relevant Share Class Currency.

Where no payment instruction is provided via the application form by a holder of Distribution Shares, dividends will be automatically reinvested by the Company in further Shares of the same Share Class. Shareholders may instead elect to receive dividends in the form of cash in the relevant Share Class currency. However, dividends will not be distributed in cash if their amount is below EUR50 or its equivalent in another currency. Such amounts will automatically be reinvested in new Shares of the same Share Class.

Annual dividends are declared separately in respect of Distribution Shares at the annual general meeting of Shareholders.

Dividends to be reinvested will be paid to the Management Company who will reinvest the money on behalf of the Shareholders in additional Shares of the same Share Class. Such Shares will be issued on the payment date at the Net Asset Value per Share of the relevant Share Class in non-certificated form. Fractional entitlements to registered Shares will be recognised to up to four decimal places.

## 3.5. Taxation

**This summary is subject to future changes.**

The following is based on the Directors' understanding of the law and practice in force at the date of this document and applies to Investors acquiring Shares in the Company as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences of buying, holding, transferring, switching, redeeming or other dealing in the Shares under the laws of their countries of citizenship, residence and domicile.

### Luxembourg Taxation

#### (A) Taxation of the Company

In Luxembourg, the Company is not subject to taxation on its income, profits or gains. The Company is not subject to net wealth tax.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Company.

The Company is subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* based on the Net Asset Value of the Company at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% *per annum* is applicable to individual Funds or individual Share classes, provided that such Fund or Share class comprises only one or more institutional investors (within the meaning of Article 174 of the Law). In addition, those Funds which invest exclusively in deposits and money market instruments in accordance with the Luxembourg Law are liable to the same reduced tax rate of 0.01% *per annum* of their net assets.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, and, (iv) UCITS and UCIs subject to the part II of the Law whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and whose exclusive object is to replicate the performance of one or more indices.

## Withholding tax

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin, and provisions in this respect may be recognised in certain jurisdictions.

Distributions made by the Company are not subject to withholding tax in Luxembourg.

## (B) Taxation of Shareholders

### Non Luxembourg resident Shareholders

Non resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Company and the Shares will not be subject to net wealth tax.

### US Foreign Account Tax Compliance Act 2010 (FATCA) and OECD Common Reporting Standard 2016 ("CRS")

FATCA was enacted in the USA on 18 March 2010 as part of the Hiring Incentives to Restore Employment Act. It includes provisions under which the Company as a Foreign Financial Institution ("FFI") may be required to report directly to the Internal Revenue Service ("IRS") certain information about shares held by US tax payers or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of US sourced income as well as on the gross proceeds deriving from the sale of securities generating US income made to the Company. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the USA and implemented the IGA into Luxembourg law in July 2015.

CRS has been implemented by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 and 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"). CRS became effective among most member states of the European Union on 1 January 2016. Under CRS, the Company may be required to report to the Luxembourg tax authority certain information about shares held by Investors who are tax resident in a CRS participating country and to collect additional identification information for this purpose.

In order to comply with its FATCA and CRS obligations, the Company may be required to obtain certain information from its Investors so as to ascertain their tax status. Under the FACTA IGA referred to above, if the Investor is a specified person, such as a US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the Company will need to report information on these Investors to the Luxembourg tax authority, in accordance with applicable laws and regulations, which will in turn report this to the IRS. Under CRS, if the Investor is tax resident in a CRS participating country and does not provide the requisite documentation, the Company will need to report

information on these Investors to the Luxembourg tax authority, in accordance with applicable laws and regulations. Provided that the Company acts in accordance with these provisions it will not be subject to withholding tax under FATCA.

Shareholders and intermediaries should note that it is the existing policy of the Company that Shares are not being offered or sold for the account of US Persons or Investors who do not provide the appropriate CRS information. Subsequent transfers of Shares to US Persons are prohibited. If Shares are beneficially owned by any US Person or a person who has not provided the appropriate CRS information, the Company may in its discretion compulsorily redeem such Shares. Shareholders should moreover note that under the FATCA legislation, the definition of specified persons will include a wider range of Investors compared to other legislation.

## UK Taxation

### (A) The Company

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will not become resident in the UK. Accordingly, and provided that the Company does not carry on a trade in the UK through a branch or agency situated therein, the Company will not be subject to UK corporation tax or income tax.

### (B) Shareholders

#### Offshore Funds Legislation

Part 8 of the Taxation (International and Other Provisions) Act 2010 and Statutory Instrument 2009/3001 (the "Offshore Funds regulations") provides that if an Investor who is resident or ordinarily resident in the United Kingdom for taxation purposes disposes of a holding in an offshore entity that constitutes an "offshore fund" and that offshore fund does not qualify as a "reporting fund" throughout the period during which the Investor holds that interest, any gain accruing to the Investor upon the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income ("offshore income gains") and not as a capital gain. The Company is an "offshore fund" for the purpose of those provisions.

All Classes of Shares in the Company are managed with a view to them qualifying as "reporting funds" for taxation purposes, and accordingly any capital gain on disposal of Shares in the Company should not be reclassified as an income gain under the UK's offshore fund rules. A full list of reporting Share Classes is available from the Management Company on request. A list of reporting funds and their certification dates is published on the HMRC website <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

Under the offshore fund rules, Investors in reporting funds are subject to tax on their share of the reporting fund's income for an accounting period, whether or not the income is distributed to them. UK resident holders of Accumulation Share Classes should be aware that they will be required to account for and pay tax on income which has been reported to them in respect of their holdings, on an annual basis through their tax return, even though such income has not been distributed to them.

For the avoidance of doubt, distributions which in accordance with 3.4 above have been reinvested in further Shares should be deemed for the purpose of UK tax as having been distributed to the Shareholders and subsequently reinvested by them, and accordingly should form part of the Shareholder's taxable income of the period in which the dividend is deemed to have been received.

In accordance with the Offshore Funds legislation, reportable income attributable to each Fund Share will be published within six months of the end of the reporting period on the following Schroders website: <http://www.schroders.com/en/lu/professional-investor/fund-centre/fund-administration/income-tables/>.

It is the Investor's responsibility to calculate and report their respective total reportable income to HMRC based on the number of Shares held at the end of the reporting period. In addition to reportable income attributable to each Fund Share the report will include information on amounts distributed per Share and the dates of distributions in respect of the reporting period. Shareholders with particular needs may request their report be provided in paper form, however we reserve the right to make a charge for this service.

Chapter 3 of Part 6 of the Corporation Tax Act 2009 provides that, if at any time in an accounting period a person within the charge of United Kingdom corporation tax holds an interest in an offshore fund within the meaning of the relevant provisions of the tax legislation, and there is a time in that period when that fund fails to meet the "qualifying investments test", the interest held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime. An offshore fund fails to meet the "qualifying investments test" at any time where more than 60% of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves meet the "qualifying investments test". The Shares will constitute interests in an offshore fund and on the basis of the investment policies of the Company, the Company could fail to meet the "qualifying investments test".

### Stamp Taxes

Transfers of Shares will not be liable to United Kingdom stamp duty unless the instrument of transfer is executed within the United Kingdom when the transfer will be liable to United Kingdom ad valorem stamp duty at the rate of 0.5% of the consideration paid rounded up to the nearest GBP 5. No United Kingdom stamp duty reserve tax is payable on transfers of Shares, or agreements to transfer Shares.

### Distributions

Distributions paid by Funds that hold more than 60% of their assets in interest-bearing, or economically similar, form at any time in an accounting period are treated as a payment of annual interest for UK resident individual Investors. Where Shares are held within an Individual Savings Account ("ISA"), this income is free of tax. For Shares held outside an ISA, a Personal Savings Allowance is available to exempt the first £1,000 of interest income from tax in the hands of basic rate taxpayers. The Allowance is £500 for higher rate taxpayers and nil for

additional rate taxpayers. Total interest received in excess of the Allowance in a tax year is subject to tax at the rates applying to interest (currently 20%, 40% and 45%).

Distributions paid by Funds that have no more than 60% of their assets in interest-bearing form at all times in an accounting period are treated as foreign dividends.

Where shares are held outside an ISA, total dividends received in a tax year up to the tax free dividend allowance will be free of income tax. Dividends totalling in excess of that amount will be subject to tax at rates of 7.5%, 32.5% and 38.1% where they fall within the basic rate, higher rate and additional rate bands respectively. Dividends received on shares held within an ISA will continue to be tax-free.

### Equalisation

The Company operates full equalisation arrangements. Equalisation applies to Shares purchased during a Distribution Period. The amount of income, calculated daily and included in the purchase price of all Shares purchased part way through a Distribution Period is refunded to holders of these Shares on a first distribution as a return of capital.

Being capital it is not liable to income tax and it should be excluded from the calculation of reportable income included in a UK Shareholder's tax return. The daily income element of all Shares is held on a database and is available upon request from the Company's registered office or online at <http://www.schroders.com/en/lu/professional-investor/fund-centre/fund-administration/equalisation/>.

The aim of operating equalisation is to relieve new Investors in the Fund from the liability to tax on income already accrued in the Shares they acquire. Equalisation will not affect Shareholders who own their Shares for the whole of a Distribution Period.

## 3.6. Meetings and Reports

### Meetings

In principle, the annual general meeting of Shareholders of the Company is held in Luxembourg on the last Tuesday of May in each year at 10:00 a.m. or, if such day is not a Business Day, on the next Business Day. For all general meetings of Shareholders notices are sent to registered Shareholders by post at least 8 days prior to the meeting. Such notices will include the agenda and specify the place of the meeting. The legal requirements as to notice, quorum and voting at all general and Fund or Share Class meetings are included in the Articles. Meetings of Shareholders of any given Fund or Share Class shall decide upon matters relating to that Fund or Share Class only.

The notice of any general meeting of Shareholders may provide that the quorum and the majority at this general meeting shall be determined according to the Shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"). The right of a Shareholder to participate at a general meeting of Shareholders and to exercise voting rights attached to his/its/her Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

## Reports

The financial year of the Company ends on 31 December each year. Copies of the annual and semi-annual financial reports may be obtained from the Schroder Investment Management (Europe) S.A. Internet site, [www.schroders.lu](http://www.schroders.lu) and are available free of charge from the registered office of the Company. Such reports form an integral part of this Prospectus.

### 3.7. Details of Shares

#### Shareholder rights

(A) The Shares issued by the Company are freely transferable and entitled to participate equally in the profits, and in case of Distribution Shares, dividends of the Share Classes to which they relate, and in the net assets of such Share Class upon liquidation. The Shares carry no preferential and pre-emptive rights.

(B) Voting:

At general meetings, each Shareholder has the right to one vote for each whole Share held.

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held.

In the case of a joint holding, only the first named Shareholder may vote.

(C) Compulsory redemption:

The Directors may impose or relax restrictions on any Shares and, if necessary, require redemption of Shares to ensure that Shares are neither acquired nor held by or on behalf of (i) any person in breach of the law or requirements of any country or government or regulatory authority (if the Directors have determined that any of them, the Company, any of the Investment Managers or any other person as determined by the Directors would have suffered any disadvantage as a result of such breach) or (ii) any person in circumstances which in the opinion of the Board might result in the Company incurring any liability to taxation (to include, inter alia, regulatory or tax liabilities and any other tax liabilities that might derive, inter alia, from the requirements of FATCA or the common Reporting Standard or any similar provision or any breach thereof) or suffering any pecuniary disadvantage which the Company might not otherwise have incurred or suffered, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority or (iii) any person whose shareholding's concentration could, in the opinion of the Directors, jeopardise the liquidity of the Company or any of its Funds including those qualifying as Money Market Funds.

In particular, if it shall come to the attention of the Directors at any time that Shares are beneficially owned by a US Person, or a specified person for the purposes of FATCA, the Company will have the right to effect compulsory redemption of such Shares.

The Directors may in this connection require a Shareholder to provide such information as they may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

## Transfers

The transfer of registered Shares may be effected at the Management Company's discretion by delivery to the Transfer Agent of a duly signed stock transfer form in appropriate form together with, if issued, the relevant certificate to be cancelled.

### Rights on a winding-up

The Company has been established for an unlimited period. However, the Company may be liquidated at any time by a resolution adopted by an extraordinary general meeting of Shareholders, at which meeting one or several liquidators will be named and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net proceeds of liquidation corresponding to each Fund shall be distributed by the liquidators to the Shareholders of the relevant Fund in proportion to the value of their holding of Shares.

If and when the net assets of a Share Class fall below the amount of EUR 10,000,000, or of all Share Classes in a Fund fall below EUR 50,000,000 or its equivalent in another currency, or such other amounts as may be determined by the Directors from time to time to be the minimum level for assets of such Share Class or Fund to be operated in an economically efficient manner, or if any economic or political situation would constitute a compelling reason therefore, or if required in the interest of the Shareholders of the relevant Share Class or Fund, the Directors may decide to redeem all the Shares of that Share Class or Fund or to liquidate that Fund. In any such event Shareholders will be notified by redemption or liquidation notice published (or notified as the case may be) by the Company in accordance with applicable Luxembourg laws and regulations prior to compulsory redemption, and will be paid the Net Asset Value of the Shares of the relevant Share Class held as at the redemption or liquidation date.

The decision to liquidate a Fund may also be made at a meeting of Shareholders of the particular Fund concerned.

Under the same circumstances as described above, the Directors may also decide upon the reorganisation of any Fund by means of a division or split into two or more separate Funds. Such decision will be published or notified in the same manner as described above and, in addition, the publication or notification will contain information in relation to the two or more separate Funds resulting from the reorganisation. Such publication or notification will be made at least one month before the date on which the reorganisation becomes effective in order to enable Shareholders to request redemption or switch of their Shares before the reorganisation becomes effective.

Any merger of a Fund with another Fund of the Company or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for the merger to the general meeting of Shareholders of the Fund concerned. In the latter case, no quorum is required for this general meeting and the decision for the merger is taken by a simple majority of the votes cast. Such a merger will be undertaken in accordance with the provisions of the Law.

Any liquidation proceeds not claimed by the Shareholders at the close of the liquidation of a Fund will be deposited in escrow at the "Caisse de Consignation". Amounts not claimed from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

### 3.8. Pooling

For the purpose of effective management, and subject to the provisions of the Articles and to applicable laws and regulations, the Management Company may invest and manage all or any part of the portfolio of assets established for two or more Funds (for the purposes hereof "Participating Funds") on a pooled basis. Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Management Company may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Fund up to the amount of the participation of the Share Class concerned. The share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Management Company shall, in its discretion, determine the initial value of notional units (which shall be expressed in such currency as the Management Company considers appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the Net Asset Value of the asset pool by the number of notional units subsisting.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Management Company considers appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will be immediately credited to the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. Upon the dissolution of the Company, the assets in an asset pool will be allocated to the Participating Funds in proportion to their respective participation in the asset pool.

### 3.9. Co-Management

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Management Company may decide that part or all of the assets of one or more Funds will be co-managed with assets belonging to other Luxembourg collective investment schemes. In the following paragraphs, the words "co-managed entities" shall refer globally to the Funds and all entities with and between which there would exist any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement.

Under the co-management arrangement, the Investment Manager, if appointed and granted the day-to-day management will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will

influence the composition of the relevant Fund's portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Shareholders should be aware that, in the absence of any specific action by the Management Company or any of the Management Company's appointed agents, the co-management arrangement may cause the composition of assets of the relevant Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which the Fund is co-managed will lead to an increase of the Fund's reserve of cash.

Conversely, redemptions made in one entity with which any Fund is co-managed will lead to a reduction of the Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility to allocate substantial subscriptions and redemptions to these specific accounts together with the possibility for the Management Company or any of the Management Company's appointed agents to decide at anytime to terminate its participation in the co-management arrangement permit the relevant Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of its Shareholders.

If a modification of the composition of the relevant Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (i.e. not attributable to the Fund) is likely to result in a breach of the investment restrictions applicable to the relevant Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of the Funds shall, as the case may be, only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets in order to assure that investment decisions are fully compatible with the investment policy of the relevant Fund. Co-managed Assets shall only be co-managed with assets for which the Depositary is also acting as depositary in order to assure that the Depositary is able, with respect to the Company and its

Funds, to fully carry out its functions and responsibilities pursuant to the Regulations. The Depositary shall at all times keep the Company's assets segregated from the assets of other co-managed entities, and shall therefore be able at all time to identify the assets of the Company and of each Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of the relevant Funds, it is possible that as a result the common policy implemented may be more restrictive than that of the Funds concerned.

A co-management agreement shall be signed between the Management Company, the Depositary and the Investment Managers in order to define each of the parties' rights and obligations. The Directors may decide at any time and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Audited annual and half-yearly reports shall state the co-managed Assets' composition and percentages.



# Appendix I

## Investment Restrictions

The Directors have adopted the following restrictions relating to the investment of the Company's assets and its activities unless otherwise provided for in Appendix III for specific Funds. These restrictions and policies may be amended from time to time by the Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund. Those restrictions in section 1(D) below are applicable to the Company as a whole.

### 1. Investment in Transferable Securities and Liquid Assets

(A) The Company will invest in:

- (1) transferable securities and Money Market Investments admitted to or dealt in on a Regulated Market; and/or
- (2) recently issued transferable securities and Money Market Investments, provided that
  - (i) the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another Regulated Market which operates regularly, is recognised and open to the public and
  - (ii) such admission is secured within one year of the issue; and/or
- (3) units of UCITS and/or of other UCI, whether situated in an EU member state or not, provided that:
  - (i) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Law, and that cooperation between authorities is sufficiently ensured,
  - (ii) the level of protection for Shareholders in such other UCIs is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and Money Market Investments are equivalent to the requirements of the UCITS Directive,
  - (iii) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - (iv) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or

(4) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU member state or, if the registered office of the credit institution is situated in a non-EU member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU Law; and/or

(5) financial derivative instruments, including equivalent cash-settled instruments, dealt on a Regulated Market, and/or financial derivative instruments dealt over-the-counter provided that:

- (i) the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Funds may invest according to their investment objective;
- (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
- (iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

and/or

(6) Money Market Investments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting Investors and savings, and provided that such instruments are:

- (i) issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- (ii) issued by an undertaking any securities of which are dealt in on Regulated Markets, or
- (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least stringent as those laid down by EU law, or
- (iv) issued by other bodies belonging to categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual

accounts in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

In addition, the Company may invest a maximum of 10% of the Net Asset Value of any Fund in transferable securities or Money Market Investments other than those referred to under A(1) to A(2) and A(6) above.

- (7) Under the conditions and within the limits laid down by the Law, the Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert any existing Fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS. A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with paragraph B below;
- financial derivative instruments, which may be used only for hedging purposes;

For the purposes of compliance with section 3 below, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the above paragraph, with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS

- (B) Each Fund may hold ancillary liquid assets. Liquid assets used to back-up financial derivative exposure are not considered as ancillary liquid assets.

(C) .

- (1) Each Fund may invest no more than 10% of its Net Asset Value in transferable securities or Money Market Investments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instrument and the issuer of the underlying securities). Each Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A) (4) above or 5% of its net assets in other cases.

- (2) Furthermore, where any Fund holds investments in transferable securities and Money Market Investments of any issuing body which individually exceed 5% of the Net Asset Value of such Fund, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C)(1), a Fund may not combine:

- investments in transferable securities or Money Market Investments issued by,
- deposits made with, and/or
- exposures arising from OTC derivative transactions undertaken with

a single body in excess of 20% of its net assets.

- (3) The limit of 10% laid down in paragraph (C)(1) above shall be 35% in respect of transferable securities or Money Market Investments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.

- (4) The limit of 10% laid down in paragraph (C)(1) above shall be 25% in respect of debt securities which are issued by credit institutions having their registered office in an EU member state and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

- (5) If a Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Fund.

- (6) The transferable securities and Money Market Investments referred to in paragraphs (C)(3) and (C)(4) are not included in the calculation of the limit of 40% referred to in paragraph (C)(2).

The limits set out in paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) above may not be aggregated and, accordingly, the value of investments in transferable securities and Money Market Investments issued by the same body, in deposits or financial derivative instruments made with this body, effected in accordance with paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) may not, in any event, exceed a total of 35% of each Fund's Net Asset Value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting

rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A Fund may cumulatively invest up to 20% of its net assets in transferable securities and Money Market Investments within the same group.

- (7) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, provided
- the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in Regulated Markets where certain transferable securities or Money Market Investments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

**Where any Fund has invested in accordance with the principle of risk spreading in transferable securities or Money Market Investments issued or guaranteed by an EU member state, by its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members, the Company may invest 100% of the Net Asset Value of any Fund in such securities provided that such Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the Net Asset Value of the Fund.**

Subject to having due regard to the principle of risk spreading, a Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its authorisation.

(D) .

- (1) The Company may not normally acquire shares carrying voting rights which would enable the Company to exercise significant influence over the management of the issuing body.
- (2) Each Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the Money Market Investments of the same issuing body, and/or (d) 25% of the units of the same UCITS or UCI. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Investments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(1) and (2) above shall not apply to:

- (1) transferable securities and Money Market Investments issued or guaranteed by an EU member state or its local authorities;
- (2) transferable securities and Money Market Investments issued or guaranteed by any other Eligible State;
- (3) transferable securities and Money Market Investments issued by public international bodies of which one or more EU member states are members; or
- (4) shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law.
- (E) No Fund may invest more than 10% of its net assets in units of UCITS or other UCIs unless otherwise specified in Appendix III. In addition, the following limits shall apply:
- (1) When a Fund invests in the units of other UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or voting rights, or managed by a management company linked to the Investment Managers, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs. In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant Fund. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.
- (2) A Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.
- (3) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1(C) above.
- (F) A Fund (the "Investing Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Funds (each, a "Target Fund") without the Company being subject to the requirements of the law of 10 August 1915 on commercial companies, as amended,

with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- (1) the Target Fund(s) do(es) not, in turn, invest in the Investing Fund invested in this (these) Target Fund(s); and
- (2) no more than 10% of the assets that the Target Fund(s) whose acquisition is contemplated may be invested in units of other Target Funds; and
- (3) voting rights, if any, attaching to the Shares of the Target Fund(s) are suspended for as long as they are held by the Investing Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (4) in any event, for as long as these securities are held by the Investing Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law.

## 2. Investment in Other Assets

- (A) The Company will neither make investments in precious metals, commodities or certificates representing these. In addition, the Company will not enter into financial derivative instruments on precious metals or commodities. This does not prevent the Company from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.
- (B) The Company will not purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (C) The Company may not carry out uncovered sales of transferable securities, Money Market Investments or other financial instruments referred to in sections 1(A)(3), (5) and (6).
- (D) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the Net Asset Value of the Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (E) The Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (F) The Company will not underwrite or sub-underwrite securities of other issuers.

- (G) The Company will on a Fund by Fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

## 3. Financial Derivative Instruments

As specified in section 1(A)(5) above, the Company may in respect of each Fund invest in financial derivative instruments, including but not limited to those described in more detail below.

The Company shall ensure that the global exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2(D) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

Each Fund may invest, as a part of its investment policy and within the limits laid down in section 1(A)(7) and section 1(C)(5), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1(C)(1) to (7). When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in section 1(C). The frequency of the review and rebalancing of the composition of the underlying index of such financial derivative instruments varies per index and could be daily, weekly, monthly, quarterly or annually. The rebalancing frequency will have no impact in terms of costs in the context of the performance of the investment objective of the relevant Fund. When a transferable security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of these restrictions. Transferable securities or Money Market Investments backed by other assets are not deemed to embed a financial derivative instrument.

The Funds may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Regulations. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy or objective. The risks against which the Funds could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

### Agreements on OTC derivatives

Each Fund may invest into financial derivative instruments that are traded OTC including, without limitation, total return swaps, contracts for difference or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in Appendix I and the investment objective and policy of each Fund. Such OTC derivatives shall to the extent capable of being held in custody be safekept by the Depositary

The counterparties to any OTC financial derivative transactions, such as total return swaps or other financial derivative instruments with similar characteristics, entered

into by a Fund, are selected from a list of authorised counterparties established with the Management Company. The counterparties will be first class institutions which are either credit institutions or investment firms with a registered office in an EU Member State, authorised under the MiFID directive or an equivalent set of rules and which are subject to prudential supervision. The list of authorised counterparties may be amended with the consent of the Management Company. The identity of the counterparties will be disclosed in the annual report of the Company.

Since the counterparties with which the Funds enter into total return swaps do not assume any discretion over the Fund's investments (including the reference assets, if any), no approval of the counterparties is required for any transactions relating to the investments of the Funds.

A total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.

Total return swaps entered into by a Fund may be in the form of funded and/or unfunded swaps. An unfunded swap means a swap where no upfront payment is made by the total return receiver at inception. A funded swap means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement.

All revenue arising from total return swaps, net of direct and indirect operational costs and fees, will be returned to each Fund

Unless specified otherwise in Appendix III, the global exposure relating to financial derivative instruments will be calculated using a commitment approach. Funds applying a Value-at-Risk ("VaR") approach to calculate their global exposure will contain an indication thereto in Appendix III.

VaR reports will be produced and monitored on a daily basis based on the following criteria:

- 1 month holding period;
- 99% unilateral confidence interval;
- at least a one year effective historical observation period (250 days) unless market conditions require a shorter observation period; and
- parameters used in the model are updated at least quarterly.

Stress testing will also be applied at a minimum of once per month.

VaR limits are set using an absolute or relative approach.

#### **Absolute VaR approach**

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark, for example with absolute return funds. Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Fund. The absolute VaR limit of a Fund has to be set at or below 20% of its Net Asset Value. This limit is based upon a 1 month holding period and a 99% unilateral confidence interval.

#### **Relative VaR approach**

The relative VaR approach is used for Funds where a VaR benchmark reflecting the investment strategy which the Fund is pursuing is defined. Under the relative VaR approach a limit is set as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR limit of a Fund has to be set at or below twice the VaR of the Fund's VaR benchmark. Information on the specific VaR benchmark used are disclosed in Appendix III hereunder.

### **4. Use of Techniques and Instruments relating to Transferable Securities and Money Market Investments**

Techniques and instruments (including, but not limited to, securities lending, repurchase agreements and reverse repurchase agreements) relating to transferable securities and Money Market Investments may be used by each Fund for the purpose of efficient portfolio management and where this is in the best interest of the Fund and in line with its investment objective and investor profile.

To the extent permitted by and within the limits prescribed by the Regulations and in particular (i) the CSSF Circular 08/356 relating to the use of financial techniques and instruments (as may be amended, supplemented or replaced from time to time) and (ii) the CSSF circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues, each Fund may for the purpose of generating additional capital or income or for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase transactions and engage in securities lending transactions.

The Company will, for the time being, not enter into repurchase and reverse repurchase agreements nor engage in securities lending transactions. Should the Company decide to use such techniques and instruments in the future, the Company will update this Prospectus accordingly and will comply with the Regulations and in particular CSSF circular 14/592 relating to ESMA guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

#### **Securities Lending**

Should the Company engage in securities lending, each Fund will only engage in securities lending transactions with first class institutions specialising in these types of transactions and which are subject to prudential supervision considered by the CSSF to be equivalent to that laid down in EU law.

Each Fund must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

In respect of securities loans, the Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the Regulations. Such collateral shall comply with the requirements set out in section 5. "Management of Collateral" below

#### **Reverse repurchase and repurchase agreements**

Should the Company engage in reverse repurchase and repurchase agreements, each Fund will only enter into reverse repurchase and repurchase agreements with counterparties which are subject to prudential supervision rules considered by the CSSF as equivalent to that laid down in EU law.

A Fund that enters into a reverse repurchase agreement shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement.

A Fund that enters into a repurchase agreement shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

Fixed-term repurchase and reverse repurchase agreement that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Each Fund shall ensure that the level of its exposure to repurchase and reverse repurchase agreements is such that it is able to comply at all times with its redemption obligations.

## 5. Management of Collateral

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques shall be combined when calculating the counterparty risk limits provided for in section 1(C) above.

Collateral received for the benefit of a Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. Where a Fund enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

- (A) Any collateral received other than cash shall be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions in section 1(D) above.
- (B) Collateral received shall be valued on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
- (C) Collateral received shall be of high quality.
- (D) The collateral received shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (E) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Fund may be fully collateralised in different transferable securities and Money Market Investments issued or guaranteed by a Member State of the EU, one or more of its local authorities, Eligible State or a public international body to which one or more of the Member States of the EU belong. In that case the Fund must receive securities

from at least six different issues, but securities from any single issue shall not account for more than 30% of the Net Asset Value of the Fund.

- (F) Where there is a title transfer, the collateral received shall be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (G) Collateral received shall be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- (H) Subject to the above conditions, permitted forms of collateral include:
  - (1) cash and cash equivalents, including short-term bank certificates and Money Market Investments;
  - (2) government bonds with any maturity issued by countries including but not limited to the UK, the USA, France and Germany with no minimum rating.
- (I) Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate haircuts which will be determined for each asset class based on the haircut policy adopted by the Management Company.
- (J) Non-cash collateral received shall not be sold, re-invested or pledged.
- (K) Cash collateral that isn't received on behalf of currency hedged Share Classes shall only be:
  - placed on deposit with entities as prescribed in section 1(A)(6) above;
  - invested in high-quality government bonds;
  - used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
  - invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds", issued by ESMA (CESR/10-049) as may be amended from time to time or in Money Market Funds as defined in MMFR once applicable.

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral involves certain risks for a Fund, as described in Appendix II.

### Collateral Policy

Collateral received by the Fund shall predominantly be limited to cash and government bonds.

### Haircut policy

The following haircuts for collateral in OTC transactions are applied by the Management Company (the Management Company reserves the right to vary this policy at any time and will update the Prospectus accordingly):

Eligible Col-lateral	Remaining Maturity	Valuation Percentage
Cash	N/A	100%
Government Bonds	One year or under	98%
	More than one year up to and including five years	97%
	More than five years up to and including ten years	95%
	More than ten years up to and including thirty years	93%
	More than thirty years up to and including forty years	90%
More than forty years up to and including fifty years	87%	

- (2) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or where neither (1) or (2) is practical;
- (3) where the Directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

## 6. Risk Management Process

The Company will employ a risk management process which enables it with the Investment Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Fund. The Company or the Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an Investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Funds using such risk measure.

The risk management framework is available upon request from the Company's registered office.

## 7. Miscellaneous

- (A) The Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(1) and (2) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Company shall not be prevented from acquiring such securities above which are not fully paid.
- (B) The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.
- (C) The Management Company, the Investment Managers, the Distributors, Depositary and any authorised agents or their associates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:
  - (1) a certified valuation of such transaction is provided by a person approved by the Directors as independent and competent;

# Appendix II

## Risks of Investment

### 1. General Risks

Past performance is not a guide to future performance and Shares, other than Shares of Money Market Funds, should be regarded as a medium to long-term investment. The value of investments and the income generated by them may go down as well as up and Shareholders may not get back the amount originally invested. Where the Fund Currency varies from the Investor's home currency, or where the Fund Currency varies from the currencies of the markets in which the 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.

### 2. Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Fund.

### 3. Regulatory Risk

The Company is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally the Funds may be registered in non-EU jurisdictions. As a result of such registrations the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes. In such cases the Funds will abide by these more restrictive requirements. This may prevent the Funds from making the fullest possible use of the investment limits.

### 4. Business, Legal and Tax Risks

In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Furthermore, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. Some of the Funds may be subject to withholding and other taxes. Tax law and regulations of any jurisdiction are frequently reviewed and may be changed at any time, in certain cases with retrospective effect. The interpretation and applicability of tax law and regulations by tax authorities in some jurisdictions are not consistent and transparent and may vary from jurisdiction to jurisdiction and/or region to region. Any change in taxation legislation could affect the value of the investments held by and the performance of the Fund.

### 5. Risk Factors Relating to Industry Sectors / Geographic Areas

Funds that focus on a particular industry or geographic area are subject to the risk factors and market factors which affect this particular industry or geographic area, including legislative changes, changes in general economic conditions and increased competitive forces. This may result in a greater

volatility of the Net Asset Value of the Shares of the relevant Fund. Additional risks may include greater social and political uncertainty and instability; and natural disasters.

### 6. Risk of Suspension of Share Dealings

Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended (see Section 1.5, "Suspensions or Deferrals").

### 7. Interest Rate Risk

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

### 8. Credit Risk

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Fund's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. A Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Fund's Investment Manager will consider whether the security continues to be an appropriate investment for the Fund. A Fund's Investment Manager considers whether a security is investment grade only at the time of purchase. Some of the Funds will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.



## 9. Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investment in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

## 10. Inflation/Deflation Risk

Inflation is the risk that a Fund's assets or income from a Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio.

## 11. Financial Derivative Instrument Risk

For a Fund that uses financial derivative instruments to meet its specific investment objective, there is no guarantee that the performance of the financial derivative instruments will result in a positive effect for the Fund and its Shareholders.

Each Fund may incur costs and fees in connection with total return swaps, contracts for difference or other financial derivative instruments with similar characteristics, upon entering into these instruments and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by each Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depository, the Investment Manager or the Management Company, if applicable, may be available in the annual report.

## 12. Warrants Risk

When a Fund invests in warrants, the price, performance and liquidity of such warrants are typically linked to the underlying stock. However, the price, performance and liquidity of such warrants will generally fluctuate more than the underlying securities because of the greater volatility of the warrants market. In addition to the market risk related to the volatility of warrants, a Fund investing in synthetic warrants, where the issuer of the synthetic warrant is different to that of the underlying stock, is subject to the risk that the issuer of the synthetic warrant will not perform its obligations under the transactions which may result in the Fund, and ultimately its Shareholders, suffering a loss.

## 13. Credit Default Swap Risk

A credit default swap allows the transfer of default risk. This allows a Fund to effectively buy insurance on a reference obligation it holds (hedging the investment) or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Fund does not hold the underlying reference obligation, there may be a market risk

as the Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

## 14. Futures, Options and Forward Transactions Risk

A Fund may use options, futures and forward contracts on currencies, securities, indices, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may 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 Fund. 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 may 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 Fund is fixed, the Fund may sustain a loss well in excess of that amount. The Fund will also be exposed to the risk of the purchaser exercising the option and the Fund 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 Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions and purchasing options, in particular those traded over-the-counter and not cleared through a central counterparty, have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

## 15. Credit Linked Note Risk

A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

## 16. Equity Linked Note Risk

The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

A Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

## 17. Insurance Linked Securities Risk

Insurance linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes. Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Fund. Although a Fund's exposure to such events will be diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Fund's Net Asset Value.

## 18. General Risk associated with OTC Transactions

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments. In addition, the prices of such instruments may include an undisclosed dealer mark-up which a Fund may pay as part of the purchase price.

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to the Fund.

A Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Fund has an open position or if margin is not identified and correctly reported to the particular -Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Fund may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "EMIR"), which came into force on 16 August 2012, introduces uniform requirements in respect of OTC derivative transactions by requiring certain "eligible" OTC derivatives transactions to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of derivatives transactions to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These requirements include the exchange of margin and, where initial margin is exchanged, its segregation by the parties, including by the Company.

While many of the obligations under EMIR have come into force, as at the date of this Prospectus the requirement to submit certain OTC derivative transactions to central clearing counterparties ("CCPs") nor the margin requirements for non-cleared OTC derivative transactions are subject to a staggered implementation timeline. It is not yet fully clear how the OTC derivatives market will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR on the Company, which may include an increase in the overall costs of entering into and maintaining OTC derivatives contracts. Prospective Investors and Shareholders should be aware that the regulatory changes arising from EMIR and other similar regulations such as the Dodd-Frank Wall Street Reform and Consumer Protection Act may in due course adversely affect a Fund's ability to adhere to its investment policy and achieve its investment objective.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Funds to adhere to their respective investment policies and achieve their investment objective.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Company has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement

allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

## 19. Counterparty Risk

The Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A Fund may invest in instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The Funds will only enter into OTC derivatives transactions with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivative transactions entered into with first class institutions should not exceed 10% of the relevant Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

## 20. OTC Derivative Clearing Risk

A Fund's OTC derivative transactions may be cleared prior to the date on which the mandatory clearing obligation takes effect under EMIR in order to take advantage of pricing and other potential benefits. OTC derivative transactions may be cleared under the "agency" model or the "principal-to-principal" model. Under the principal-to-principal model there is usually one transaction between the Fund and its clearing broker and another back-to-back transaction between the clearing broker and the CCP whereas under the agency model there is one transaction between the Fund and the CCP. It is expected that many of a Fund's OTC derivative transactions which are cleared will be under the "principal-to-principal" model. However, the following risks are relevant to both models unless otherwise specified.

The CCP will require margin from the clearing broker which will in turn require margin from the Fund. The Fund's assets posted as margin will be held in an account maintained by the clearing broker with the CCP. Such account may contain assets of other clients of the clearing broker (an "omnibus account") and if so, in the event of a shortfall, the assets of the Fund transferred as margin may be used to cover losses relating to such other clients of the clearing broker upon a clearing broker or CCP default.

The margin provided to the clearing broker by the Fund may exceed the margin that the clearing broker is required to provide to the CCP, particularly where an omnibus account is used. The Fund will be exposed to the clearing broker in respect of any margin which has been posted to the clearing broker but not posted to and recorded in an account with the CCP. In the event of the insolvency or failure of the clearing

broker, the Fund's assets posted as margin may not be as well protected as if they had been recorded in an account with the CCP.

The Fund will be exposed to the risk that margin is not identified to the particular Fund while it is in transit from the Fund's account to the clearing broker's account and onwards from the clearing broker's account to the CCP. Such margin could, prior to its settlement, be used to offset the positions of another client of the clearing broker in the event of a clearing broker or CCP default.

A CCP's ability to identify assets attributable to a particular client in an omnibus account is reliant on the correct reporting of such client's positions and margin by the relevant clearing broker to that CCP. The Fund is therefore subject to the operational risk that the clearing broker does not correctly report such positions and margin to the CCP. In such event, margin transferred by the Fund in an omnibus account could be used to offset the positions of another client of the clearing broker in that omnibus account in the event of a clearing broker or CCP default.

In the event that the clearing broker becomes insolvent, the Fund may be able to transfer or "port" its positions to another clearing broker. Porting will not always be achievable. In particular, under the principal-to-principal model, where the Fund's positions are within an omnibus account, the ability of the Fund to port its positions is dependent on the timely agreement of all other parties whose positions are in that omnibus account and so porting may not be achieved. Where porting is not achieved, the Fund's positions may be liquidated and the value given to such positions by the CCP may be lower than the full value attributed to them by the Fund. Additionally, there may be a considerable delay in the return of any net sum due to the Fund while insolvency proceedings in respect of the clearing broker are ongoing.

If a CCP becomes insolvent, subject to administration or an equivalent proceeding or otherwise fails to perform, the Fund is unlikely to have a direct claim against the CCP and any claim will be made by the clearing broker. The rights of a clearing broker against the CCP will depend on the law of the country in which the CCP is established and other optional protections the CCP may offer, such as the use of a third party custodian to hold the Fund's margin. On the failure of a CCP, it is likely to be difficult or impossible for positions to be ported to another CCP and so transactions will likely be terminated. In such circumstances, it is likely that the clearing broker will only recover a percentage of the value of such transactions and consequently the amount the Fund will recover from the clearing broker will be similarly limited. The steps, timing, level of control and risks relating to that process will depend on the CCP, its rules and the relevant insolvency law. However, it is likely that there will be material delay and uncertainty around when and how much assets or cash, if any, the clearing broker will receive back from the CCP and consequently the amount the Fund will receive from the clearing broker.

## 21. Depositary Risk

Assets of the Company are safe kept by the Depositary and Investors are exposed to the risk of the Depositary not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Company in the case of bankruptcy of the Depositary. The assets of the Company will be identified in the Depositary's books as belonging to the Company. Securities held by the Depositary will be segregated from other assets of the Depositary which mitigates but does not exclude the risk of non restitution in

case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The Depository does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the Depository. Investors are exposed to the risk of bankruptcy of the sub-custodians where the obligation of the Depository to replace the assets held by that sub-custodian is not triggered or where the Depository is also bankrupt.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Depository will have no liability.

## 22. Smaller Companies Risk

A Fund which invests in smaller companies may fluctuate in value more than other Funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

## 23. Portfolio Concentration Risk

Although the strategy of certain Funds of investing in a limited number of assets has the potential to generate attractive returns over time, a Fund which invests in a concentrated portfolio of securities may tend to be more volatile than a Fund which invests in a more broadly diversified range of securities. If the assets in which such Fund invests perform poorly, the Fund could incur greater losses than if it had invested in a larger number of assets.

## 24. Specific Risk relating to Collateral Management

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements and buy-sell back transactions is generally mitigated by the transfer or pledge of collateral in favour of a Fund. However, transactions may not be fully collateralised. Fees and returns due to the Fund may not be collateralised. If a counterparty defaults, the Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Fund to meet redemption requests.

A Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Fund to the counterparty as required by the terms of the transaction. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

## 25. Technology Related Companies Risk

Investments in the technology sector may present a greater risk and a higher volatility than investments in a broader range of securities covering different economic sectors. The equity securities of the companies in which a Fund may invest are likely to be affected by world-wide scientific or technological developments, and their products or services may rapidly fall into obsolescence. In addition, some of these companies offer products or services that are subject to governmental regulation and may, therefore, be adversely affected by governmental policies. As a result, the investments made by a Fund may drop sharply in value in response to market, research or regulatory setbacks.

## 26. Lower Rated, Higher Yielding Debt Securities Risk

A Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate Investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in the Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

## 27. Property and Real Estate Companies Securities Risk

The risks associated with investments in securities of companies principally engaged in the real estate industry include: the cyclical nature of real estate values; risks related to general and local economic conditions; overbuilding and increased competition; increases in property taxes and operating expenses; demographic trends and variations in rental income; changes in zoning laws; casualty or condemnation losses; environmental risks; regulatory limitations on rents; changes in neighbourhood values; related party risks; changes in the appeal of properties to tenants; increases in interest rates; and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Fund's investments.

The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Fund either in a positive or a negative manner.

## 28. Mortgage Related and Other Asset Backed Securities Risks

Mortgage-backed securities, including collateralised mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases of various types of real and personal property and receivables from credit card agreements.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. A Fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of subprime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that a Fund may lose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for a Fund to buy or sell.

A Fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price at a future date. A Fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

## 29. Initial Public Offerings Risk

A Fund may invest in initial public offerings, which frequently are smaller companies. Such securities have no trading history, and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

## 30. Risk Associated with Debt Securities Issued Pursuant to Rule 144A under the Securities Act of 1933

SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for Investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular rule 144A security.

## 31. Emerging and Less Developed Markets Securities Risk

Investing in Emerging Markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign Investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which a Fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant Fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the Fund and compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

In addition investments in certain emerging and less developed countries, such as Russia and Ukraine, are currently subject to certain heightened risks with regard to the ownership and custody of securities. In these countries, shareholdings are evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depositary). No certificates representing shareholdings in companies will be held by the Depositary or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of

effective state regulation and enforcement, the Company could lose its registration and ownership of the securities through fraud, negligence or even mere oversight. Debt securities also have an increased custodial risk associated with them as such securities may, in accordance with market practice in the emerging or less developed countries, be held in custody with institutions in those countries which may not have adequate insurance coverage to cover loss due to theft, destruction or default. It should be taken into consideration that when investing in government debt of emerging or less developed countries, particularly Ukraine, whether via the primary or secondary market, local regulations may stipulate that Investors maintain a cash account directly with the sub-custodian. Such balance represents a debt due from the sub-custodian to the Investors and the Depositary shall not be liable for this balance.

Additional risks of Emerging Market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

### **32. Specific Risks Linked to Securities Lending and Repurchase Transactions**

Securities lending and repurchase transactions involve certain risks. There is no assurance that a Fund will achieve the objective for which it entered into a transaction.

Repurchase transactions might expose the Fund to risks similar to those associated with optional or forward derivative financial instruments, the risks of which are described in other sections of this Prospectus. Securities loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacements for the securities that were lent to the counterparty. In the latter case, the Fund's tri-party lending agent will indemnify the Fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable.

In the event that the Fund reinvests cash collateral in one or more of the permitted types of investment that are described above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. There is also a risk that the investment will become illiquid, which would restrict the Fund's ability to

recover its securities on loan, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

### **33. Potential Conflicts of Interest**

The Investment Managers and Schroders may effect transactions in which the Investment Managers or Schroders have, directly or indirectly, an interest which may involve a potential conflict with the Investment Managers' duty to the Company. Neither the Investment Managers nor Schroders shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated.

The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

Such potential conflicting interests or duties may arise because the Investment Managers or Schroders may have invested directly or indirectly in the Company.

The prospect of the Performance Fee may lead the Investment Managers to make investments that are riskier than would otherwise be the case.

In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Company and the Investors of the Company. The Depositary shall not carry out activities with regard to the Company that may create conflicts of interest between the Company, the Investors in the Company, the Management Company and the Depositary unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to Investors of the Company.

### **34. Investment Funds**

Some of the Funds may invest all or substantially all of their assets in Investment Funds, unless otherwise disclosed, the investment risks identified in this Appendix will apply whether a Fund invests directly, or indirectly through Investment Funds, in the assets concerned. The investments of the Funds in Investment Funds may result in an increase of total operating, administration, depositary and management fees/expenses. However the Investment Managers will seek to negotiate a reduction in management fees and any such reduction will be for the sole benefit of the relevant Fund.

### **35. Tax Efficiency for Shareholders**

Post-tax returns to Shareholders are dependent on the local tax rules in the Shareholders' place of tax residence (see section 3. Taxation for comments on taxation generally).

In certain countries, such as Austria and the United Kingdom, tax rules exist that may lead to larger proportions of the investment return from funds of funds being taxed in the hands of shareholders at a higher rate than would be the case for single strategy funds.

These tax rules may be activated if the investments selected by the Investment Manager for the funds of funds are regarded as not meeting certain tests laid down by the tax authorities in the shareholders' country of residence.

In the United Kingdom, returns from investments that are "non-reporting funds" may be treated as being entirely income, and therefore reportable as income by the fund of funds. Thus a greater proportion of the Shareholders' return from the fund of funds would be treated as income, rather than capital, and taxed accordingly at rates that are currently higher than for capital gains.

The Investment Manager of the fund of funds will endeavour to select investments that do qualify as "reporting funds", in order to minimise the impact of these local tax rules for Shareholders. However, it is possible that such investments are not available to meet certain strategic aims of the Investment Manager, and in that case it may happen that "non-reporting funds" have to be acquired.

The Investment Manager will undertake all necessary reporting as required under local tax rules to enable Shareholders to compute their tax liability in accordance with the rules.

### 36. Convertible Securities Risk

Convertible securities are typically bonds or preferred stocks that may be converted into a specific number of shares of the issuing company's stock at a specified conversion price.

Convertible securities combine investment characteristics and risks of equities and bonds.

Depending on the value of the underlying stock, the convertible security will behave more like a stock or like a bond.

When the price of the underlying stock exceeds the conversion price, the convertible security generally behaves more like a stock and will be more sensitive to changes in equity securities. When the price of the underlying stock is lower than the conversion price, the convertible security generally behaves more like a bond and will be more sensitive to changes in interest rates and in credit spreads.

Given the benefit provided by the potential conversion, convertible securities generally offer lower yields than non-convertible securities of similar quality.

They also can be of lower credit quality and tend to be less liquid than traditional nonconvertible securities. Lower credit quality debt securities are generally subject to greater market, credit and default risk compared to more highly rated securities.

### 37. Exchange Rates

The Reference Currency of each Fund is not necessarily the investment currency of the Fund concerned. Investments are made in investment funds in currencies that, in the view of the Investment Managers, best benefit the performance of the Funds.

Shareholders investing in a Fund having a Reference Currency that is different from their own should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

### 38. Fixed Income Securities

The value of fixed income securities held by Funds generally will vary upon changes in interest rates and such variation may affect Share prices of Funds investing in fixed income securities.

## 39. Equity Securities

Where a Fund invests in equity or equity-related investments, the values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

## 40. Private Equity and Infrastructure

Investments which grant an exposure to private equity and infrastructure involve additional risks compared to those resulting from traditional investments. More specifically, private equity and infrastructure investments usually have a long-term horizon and offer limited liquidity. The value of financial instruments which grant exposure to private equity or infrastructure may be impacted in a similar manner as direct investments in private equity or infrastructure.

## 41. Commodities

Investments which grant an exposure to commodities involve additional risks compared to those resulting from traditional investments. More specifically:

- political, military and natural events may influence the production and trading of commodities and, as a consequence, negatively 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.

The performance of commodities, precious metals and commodity futures also depends on the general supply situation of the respective goods, the demand for them, the expected output, extraction and production as well as the expected demand, and can for this reason be especially volatile.

## 42. Contingent Convertible Securities Risk

Contingent convertible securities are typically debt instruments which may be converted into the issuer's equity or be partly or wholly written off if a predefined trigger event occurs. The terms of the bond will set out specific trigger events and conversion rates. Trigger events may be outside of the issuer's control. A common trigger event is the decrease in the issuer's capital ratio below a given threshold. Conversion may cause the value of the investment to fall significantly and irreversibly, and in some cases even to zero.

Coupon payments on certain contingent convertible securities may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Contrary to typical capital hierarchy, contingent convertible securities investors may suffer a loss of capital before equity holders.

Most contingent convertible securities are issued as perpetual instruments which are callable at pre-determined dates. Perpetual contingent convertible securities may not be called on the pre-defined call date and investors may not receive return of principal on the call date or at any date.

There are no widely accepted standards for valuing contingent convertible securities. The price at which bonds are sold may therefore be higher or lower than the price at which they were valued immediately before their sale.

In certain circumstances finding a ready buyer for contingent convertible securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

### 43. Sovereign Risk

There is a risk that governments or their agencies may default or not completely fulfil their obligations. In addition, there is no bankruptcy proceeding for sovereign debt securities on which money to pay the obligations of sovereign debt securities may be collected in whole or in part. As a consequence of this holders of sovereign debt securities may be requested to participate in the rescheduling of sovereign debt securities and to extend further loans to the issuers of sovereign debt securities.

### 44. The Benchmark Regulation

The London Interbank Offered Rate and other indices which are deemed “benchmarks” have been the subject of international and other regulatory guidance as well as proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any investments linked to a benchmark.

A key element of the reform of benchmarks within the EU is Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the Benchmark Regulation).

The scope of the Benchmark Regulation is wide and, in addition to so-called “critical benchmark” indices such as the London Interbank Offered Rate, could also potentially apply to many other interest rate indices, as well as other indices (including “proprietary” indices or strategies) which are referenced in financial instruments (including Investments) and/or other financial contracts entered into by the Company, the Management Company or its delegates.

The Benchmark Regulation could have a material impact on any investment linked to a “benchmark” index, including in any of the following circumstances:

- (A) an index which is a “benchmark” could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation (including potentially due to a ‘no-deal’ exit of the UK from the EU). In such event, depending on the particular “benchmark” and the applicable terms of the investments, the investment could be de-listed, adjusted, redeemed or otherwise impacted; and

- (B) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the investments, including calculation agent determination of the rate or level in its discretion.

### 45. IBOR Reform

The term “IBOR” refers generally to any reference rate or benchmark rate that is an “interbank offered rate” intended to reflect, measure or estimate the average cost to certain banks of borrowing or obtaining unsecured short-term funds in the interbank market in the relevant currency and maturity. IBORs have been used extensively as reference rates across the financial markets for many years. A Fund may invest in securities or derivatives whose value or payments are derived from an IBOR. Bond Funds and multi-asset Funds that invest in floating rate debt securities, interest rate swaps, total return swaps and other derivatives are most likely to be adversely impacted by IBOR Reform. However, other Funds such as those that invest in contracts for difference or real estate investment trusts may also be adversely impacted.

Pursuant to recommendations of the Financial Stability Board (FSB), financial institutions and other market participants have been working to promote the development of alternative reference rates (ARRs). ARRs are in response to concerns over the reliability and robustness of IBORs. In July 2017, the UK Financial Conduct Authority (FCA) announced that the FCA would no longer use its influence or powers to persuade or compel contributing banks to make IBOR submissions after the end of 2021. Following this statement, other regulators across the globe have made announcements encouraging financial institutions and other market participants to transition from the use of IBORs to the use of new ARRs by the end of 2021. This has raised concerns about the sustainability of IBORs beyond 2021.

Regulatory and industry initiatives concerning IBORs may result in changes or modifications affecting investments referencing IBORs, including a need to determine or agree a substitute ARR, and/or a need to determine or agree a spread to be added to or subtracted from, or to make other adjustments to, such ARR to approximate an IBOR equivalent rate (as further described below), not all of which can be foreseen at the time a Fund enters into or acquires an IBOR-referencing investment.

If the composition or characteristics of an ARR differ in any material respect from those of an IBOR it may be necessary to convert the ARR into another IBOR-equivalent ARR before it is considered a suitable substitute for the relevant IBOR. Converting an ARR into one or more IBOR-equivalent rates may be possible by adding, subtracting or otherwise incorporating one or more interest rate or credit spreads, or by making other appropriate adjustments. Whether such adjustments are accurate or appropriate may depend on a variety of factors, including the impact of market conditions, liquidity, transaction volumes, the number and financial condition of contributing or reference banks and other considerations at the time of and leading up to such conversion. Even with spreads or other adjustments, IBOR-equivalent ARRs may be only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBORs used in a Fund’s IBOR-referencing investments. This could have a material adverse effect on a Fund.



The conversion from an IBOR to an ARR may also require the parties to agree that a payment is made from one party to the other to account for the change in the characteristics of the underlying reference rate. This payment may be required to be made by a Fund.

Until the applicable industry working group and/or market participants have agreed a standard methodology for the conversion from an IBOR to an IBOR-equivalent ARR it is difficult to determine whether and how such conversions will be made. For example, conversions and adjustments could be made by developers of ARRs or by compiling bodies, sponsors or administrators of ARRs, or by a method established by them. Conversions may instead be agreed bilaterally between a Fund and its counterparty or by the applicable calculation agent under such investments. This could lead to different results for similar IBOR-referencing investments which could have a material adverse effect on the performance of a Fund.

#### **46. Risks Relating to Investments in the China Market**

Investors may also be subject to risks specific to the China market. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Investors should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments in the Fund.

In particular, the taxation position of foreign investors holding Chinese shares has historically been uncertain. Transfers of A and B shares of People's Republic of China (PRC) resident companies by foreign corporate shareholders are subject to a 10% capital gains withholding tax, although the tax has not been collected in the past, and uncertainties remain over the timing, any retrospective impact, and the calculation method. Subsequently, the PRC tax authorities announced in November 2014 that gains on the transfer of shares and other equity investments in China by foreign investors would be subject to a 'temporary' exemption from capital gains withholding tax. There was no comment about the duration of this temporary exemption. No accruals are being made for gains realised post-17 November 2014 pending further developments. The situation is being kept under review for indications of any change in market practice or the release of further guidance from the PRC authorities, and accruals for PRC capital gains withholding tax may recommence without notice upon the release of such guidance if the Directors and their advisors believe this is appropriate.

PRC corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by foreign investors (including the Funds) on trading of China A-Shares via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. However, foreign investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant in-charge PRC tax authorities by the listed companies. For investors who are tax residents of a jurisdiction which has concluded a tax treaty with the PRC, such investors may apply for a refund of the PRC withholding income tax overpaid if the relevant tax treaty provides for a

lower PRC withholding income tax on dividends for a lower dividend tax rate, such investors may apply to the tax authority for a refund of the differences.

#### **47. China - Risks Regarding RQFII Status and RQFII Quota**

Investors should note that the Investment Managers' RQFII status may be suspended or revoked and that this may adversely affect the Company's performance by requiring the Company to dispose of its securities holdings.

Investors should note that there can be no assurance that the Investment Managers will continue to maintain their RQFII status or to make available their RQFII quota. Investors should also note that the Company may not be allocated a sufficient portion of the RQFII quota from the Investment Managers to meet all applications for subscription into the Company and that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. The Company may not have exclusive use of the entire RQFII quota granted by the State Administration of Foreign Exchange (SAFE) to the Investment Managers, as the Investment Managers may in their discretion allocate the RQFII quota which may otherwise have been available to the Company to other products. Such restrictions may result in a rejection of subscription applications and a suspension of dealings of the Company. In extreme circumstances, the Company may incur significant losses due to the insufficiency of the RQFII quota, its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades.

RQFII quotas are generally granted to RQFIIs (such as the Investment Managers). The rules and restrictions under RQFII regulations generally apply to the Investment Managers (in their capacity as a RQFII) as a whole and not simply to the investments made by the Company. SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII custodian (i.e. in the Company's case, being the China Custodian) violates any provision of the applicable rules and regulations issued by SAFE ("SAFE Rules"). Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact the portion of the Investment Managers' RQFII quota made available for investment by the Company.

#### **48. China - Repatriation and Liquidity Risks**

There are currently no restrictions on repatriation of proceeds out of China for Funds invested in onshore securities. There is however no assurance that repatriation will not be subject to stricter rules and restrictions due to a change in the current regulations. This may impact the liquidity of the Fund and its ability to meet redemption requests upon demand.

#### **49. China Interbank Bond Market Risks**

The on-shore China bond market mainly consists of the interbank bond market and the exchange listed bond market. The CIBM is an OTC market established in 1997. Currently, more than 90% of CNY bond trading activity takes place in the CIBM, and the main products traded in this market include government bonds, enterprise bonds, policy bank bonds, and medium term notes.

The CIBM is in a stage of development and internationalisation. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on such market fluctuating significantly. Funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds. In particular, the bid and offer spreads of the prices of on-shore China bonds may be large, and the relevant Funds may therefore incur significant trading and realisation costs when selling such investments.

To the extent that a Fund transacts in the CIBM in on-shore China, the Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

The CIBM is also subject to regulatory risks.

## 50. China Bond Connect

Some Funds can, in accordance with their investment policy, invest in the CIBM via the Bond Connect (as described below).

The Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.

Pursuant to the prevailing regulations in mainland China an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the People's Bank of China (currently recognised onshore custody agents are the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

For investments via the Bond Connect, the relevant filings, registration with the People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Funds are subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If the relevant mainland Chinese authorities suspend account opening or trading on the CIBM, the Funds' ability to invest in the CIBM will be adversely affected. In such event, the Funds' ability to achieve its investment objective will be negatively affected.

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign institutional investors via the Bond Connect.

## 51. Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

All Funds which can invest in China may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes (the "Stock Connect") subject to any applicable regulatory limits. The Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange or Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect allows foreign investors to trade certain Shanghai Stock Exchange or Shenzhen Stock Exchanges listed China A-Shares through their Hong Kong based brokers.

The Funds seeking to invest in the domestic securities markets of the PRC may use the Stock Connect, in addition to the QFII and RQFII schemes and, thus, 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 Funds. The Stock Connect requires 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 Hong Kong and Shanghai/Shenzhen markets through Stock Connect 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, 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 Stock Connect securities held through it 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 Stock Connect securities would have full ownership thereof, and that those Stock Connect 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 Funds and the Depository cannot ensure that the 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 Funds will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the 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 Funds may not fully recover its losses or its Stock Connect 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 Funds may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner.

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

**Investor Compensation:** The Funds will not benefit from local investor compensation schemes. Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Funds cannot carry out any China A-Shares trading. The Funds may be subject to risks of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result.

**Investment Risk:** securities traded via Shenzhen-Hong Kong Stock Connect may be smaller companies which are subject to Smaller Companies Risk as detailed earlier in this Appendix.

# Appendix III

## Fund Details

The Funds bearing an asterisk (\*) next to their name are not available for subscription at the time of issue of this Prospectus. Such Funds will be launched at the Directors' discretion, at which time this Prospectus will be updated accordingly.

The Company is designed to give Investors the flexibility to choose between investment portfolios with differing investment objectives and levels of risk.

The specific investment objectives and policies of each of the Funds are binding on the Investment Manager of each Fund, although there can be no assurance that an investment objective will be met.

The specific investment objectives and policies of each of the Funds are subject to the following interpretation:

- Each Fund will be actively managed and will invest, in accordance with its name or its investment policy either directly or (if stated) through derivatives in investments corresponding to the applicable currency, security, country, region or industry stated in the investment objective or investment policy.
- When a Fund states that it invests at least two-thirds of its assets in a certain way (i) the percentage is indicative only as, for example, the Investment Manager may adjust the Fund's exposure to certain asset classes in response to adverse market and/or economic conditions and/or expected volatility, when in the Investment Manager's view to do so would be in the best interests of the Fund and its shareholders; and (ii) such assets exclude cash or other liquidities which are not used as backup for derivatives unless otherwise stated. When a Fund states that it invests up to a maximum percentage of its assets (e.g. 80%) in a certain way, such assets include cash or other liquidities which are not used as backup for derivatives.
- The remaining percentage of the Fund's assets (excluding liquidities which are not used as backup for derivatives) may be invested in other currencies, securities, countries, regions or industries, either directly or through derivatives or as otherwise stated.
- If a description of a Fund's investment policy is related to investments in corporations of a particular country or region, such reference means (in the absence of any further specification) investments in companies incorporated, headquartered, listed, or having their principal business activities in such country or region.
- In respect of the Funds which under their objectives and policies invest in bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers worldwide, the Company may use forward currency contracts to hedge back to investment currencies and, at the same time, seek exposure to local short term markets if this appears to be in the best interest of the relevant Fund and its Shareholders, in light of local market conditions in the countries concerned, to limit volatility and counterparty risk and to improve liquidity.

- Each Fund, unless otherwise specified in Appendix III, may invest up to 5% in contingent convertible bonds. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
- The Investment Managers may invest directly in Russian securities that are traded on the Moscow Exchange. For details of the risk involved in dealing on these exchanges please refer to Appendix II. Additionally exposure to the Russian market may be achieved through investments in American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).
- Expected level of leverage

Funds quantifying global exposure using a Value-at-Risk (VaR) approach disclose their expected level of leverage.

The expected level of leverage is an indicator and not a regulatory limit. The Fund's levels of leverage may be higher than this expected level as long as the Fund remains in line with its risk profile and complies with its VaR limit.

The annual report will provide the actual level of leverage over the past period and additional explanations on this figure.

The level of leverage is a measure of (i) the derivative usage and (ii) the reinvestment of collateral in relation to efficient portfolio management transactions. It does not take into account other physical assets directly held in the portfolio of the relevant Funds. It also does not represent the level of potential capital losses a Fund may incur.

The level of leverage is calculated as (i) the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value and (ii) any additional leverage generated by the reinvestment of collateral in relation to efficient portfolio management transactions.

This methodology does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund.
- allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk.
- take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets. As a result, a Fund that exhibits a high level of leverage is not necessarily riskier than a Fund that exhibits a low level of leverage

When the investment policy of a Fund refers to "Alternative Asset Classes", it will include the following: real estate, infrastructure, private equity, commodities, precious metals and Alternative Investment Funds.

### **Real estate, infrastructure, private equity**

The investment in such asset classes will mainly be obtained indirectly through related (i) transferable securities and Money Market Investments, (ii) units of closed-ended investment companies funds and (iii) UCITS or other UCIs in accordance with the Grand Ducal Regulation of 8 February 2008.

### **Commodity and precious metals**

The investment in such asset classes will mainly be obtained indirectly through related (i) transferable securities and Money Market Investments, (ii) units of closed-ended investment funds, (iii) financial instruments linked or backed to the performance of this asset class, (iv) UCITS or other UCIs in accordance with the Grand Ducal Regulation of 8 February 2008, (v) Financial Indices compliant with article 9 of the Grand Ducal Regulation of 8 February 2008 and CSSF Circular 14/592 and (vi) derivatives on eligible assets as described under (i) – (v).

### **Alternative Investment Funds**

Alternative Investment Funds refer to the "hedge funds" strategies such as long/short, event driven, tactical trading and relative value strategies. The exposure will mainly be obtained indirectly through related (i) units of closed-ended investment funds, (ii) financial instruments linked or backed to the performance of these strategies and (iii) UCITS or other UCIs in accordance with the Grand Ducal Regulation of 8 February 2008.

Transferable securities (including units of closed-ended investment funds, financial instruments linked or backed to the performance of other assets) and Money Market Investments should be dealt in on a Regulated Market. If not, they will be restricted to 10% of the Net Asset Value of any Fund.

Where a transferable security embeds a financial derivative instrument, the rules detailed in section "3. Financial Derivative Instruments" of Appendix I, apply.

### **Share Classes**

The Directors may decide to create within each Fund different Share Classes whose assets will be commonly invested pursuant to the specific investment policy of the relevant Fund, but where a specific fee structure, currency of denomination or other specific feature may apply to each Share Class. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Share Class.

Investors are informed that not all Distributors offer all Share Classes.

Shares are generally issued as Accumulation Shares. Distribution Shares will only be issued within any Fund at the Directors' discretion. Investors may enquire at the Management Company or their Distributor whether any Distribution Shares are available within each Share Class and Fund.

The particular features of each Share Class are provided below.

### **Initial Charge**

The Management Company and Distributors are entitled to the initial charge, which can be partly or fully waived at the Directors' discretion. The initial charge attributable to each Share Class is specified below for each Fund.

### **Minimum Subscription Amount, Minimum Additional Subscription Amount and Minimum Holding Amount**

The Minimum Subscription Amount, Minimum Additional Subscription Amount and Minimum Holding Amount for each Share Class are set out in Appendix III. The amounts are stated in the relevant currency although near equivalent amounts in any other freely convertible currency are acceptable. These minima may be waived at the Directors' discretion from time to time.

### **Redemption Charge**

The Company may introduce a redemption charge based on the Net Asset Value per Share of the relevant Share Classes of the relevant Fund in favour of the Fund.

### **Specific features of C Shares**

C Shares are available to institutional clients, certain distributors who have separate fee arrangements with their clients and who meet the minimum investment criteria, and other Investors at the Management Company's discretion.

### **Specific features of A, A1 and A2 Shares**

A, A1 and A2 Shares will only be available to Investors who at the time the relevant subscription order is received are customers of certain Distributors appointed specifically for the purpose of distributing the A, A1 and A2 Shares and only in respect of those Funds for which distribution arrangements have been made with such Distributors. A, A1 and A2 Shares fees for each Fund are separately disclosed in the Fund details.

### **Specific features of C (Inst.), I Shares and X Shares**

C (Inst.), I Shares and X Shares will only be offered to Investors who are institutional investors, within the meaning of Article 174 of the Law and as may be defined from time to time by the guidelines or recommendations issued by the CSSF.

The Company will not issue, or effect any switching of C (Inst.), I Shares and X Shares to any Investor who may not be considered an institutional investor. The Directors may, at their discretion, delay the acceptance of any subscription for C (Inst.), I Shares and X Shares restricted to institutional investors until such date as the Transfer Agent has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

### **Specific features of IZ Shares**

IZ Shares will only be available, with prior agreement of the Management Company, to institutional investors, within the meaning of Article 174 of the Law and as may be defined from time to time by the guidelines or recommendations issued by the CSSF.

The Company will not issue, or effect any switching of, IZ Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for IZ Shares restricted to institutional investors until such date as the Transfer Agent has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

## Specific features of X1 Shares

X1 Shares will only be available, with prior agreement of the Management Company, to institutional investors, within the meaning of Article 174 of the Law and as may be defined from time to time by the guidelines or recommendations issued by the CSSF.

The Company will not issue, or effect any switching of, X1 Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for X1 Shares restricted to institutional investors until such date as the Transfer Agent has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

## Specific features of S Shares

S Shares are only available at the Management Company's discretion to certain clients of the Schroder Group's wealth management business. Before the Management Company can accept a subscription into S Shares, a legal agreement must be in place between the Investor and the Schroder Group's wealth management business containing terms specific to investment in S Shares.

In the event that a Shareholder of Class S Shares ceases to be a client of the Schroder Group's wealth management business, the Shareholder will cease to be eligible to hold Class S Shares and the Management Company will compulsorily switch the Shareholder into the most appropriate Share Class of the same Fund. This means that the switch of Class S Shares will be automatic without the need for Shareholders to submit a switching request to the Management Company. Therefore, by subscribing for Class S Shares, Shareholders irrevocably permit the Management Company to switch Class S Shares on their behalf should they cease to be eligible to invest in Class S Shares.

There is no minimum initial subscription, additional subscription or holding amount. Applications for subscriptions into Class S Shares will be accepted at the Management Company's discretion.

## General

If it appears at any time that a holder of C (Inst.), I Shares, X Shares, X1 Shares or IZ Shares is not an institutional investor, the Directors will instruct the Transfer Agent to propose that the said holder convert its Shares into Shares of a Share Class within the relevant Fund which is not restricted to institutional investors (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Directors will, at their discretion, instruct the Transfer Agent to redeem the relevant Shares in accordance with the provisions under Section 2.2 "Redemption and Switching of Shares".

If it appears at any time that a holder of any other Class of Shares does not meet (any longer) the eligibility criteria set out above, the Directors will instruct the Transfer Agent to propose that the said holder convert its Shares into Shares of a Share Class within the relevant Fund for which it meets the eligibility criteria (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Directors will, at their discretion, instruct the Transfer Agent to redeem the relevant Shares in accordance with the provisions under Section 2.2 "Redemption and Switching of Shares".

## Currency and Hedging policy

The above Share Classes, where available, may be offered in various currencies (each a "Reference Currency") at the Directors' discretion. Where offered in a currency other than the currency of the Fund (the "Fund Currency"), a Share Class may be currency denominated or currency hedged and they will be designated as such. Confirmation of the Funds and currencies in which the currency denominated and hedged (as described below) share Classes are available can be obtained from the Management Company.

In respect of such additional Share Classes, the Management Company has the ability to fully hedge the Shares of such Share Classes in relation to the Fund Currency. In this instance currency exposures or currency hedging transactions within the Fund's portfolio will not be considered. The Management Company, through its FX overlay services provider, will review hedged positions at every valuation point to ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the hedged Classes which is to be hedged against the currency risk. An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Company.

The performance of hedged Share Classes aims to be similar to the performance of equivalent Share Classes in Fund Currency. There is no assurance however that the hedging strategies employed will be effective in delivering performance differentials that are reflective only of interest rate differences adjusted for fees.

Where undertaken, the effects of this hedging will be reflected in the Net Asset Value and, therefore, in the performance of such additional Share Class. Similarly, any expenses arising from such hedging transactions (including a hedging charge of up to 0.03% to the benefit of the Management Company or its delegate) will be borne by the Share Class in relation to which they have been incurred.

Collateral received in connection with currency hedging transactions (and in particular currency forward transactions) on behalf of currency hedged Share Classes, may be reinvested, in compliance with the applicable investment policy and restrictions of the Funds.

It should be noted that these hedging transactions may be entered into whether the Reference Currency is declining or increasing in value relative to the relevant Fund Currency and so, where such hedging is undertaken it may substantially protect Investors in the relevant Share Class against a decrease in the value of the Fund Currency relative to the Reference Currency, but it may also preclude Investors from benefiting from an increase in the value of the Fund Currency.

In addition the Investment Manager may hedge the Fund Currency against the currencies in which the underlying assets of the Fund are denominated or the underlying unhedged assets of a target fund are denominated.

There can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Reference Currency.

The Management Company will delegate some or all of its currency and hedging policy related activities described in this Prospectus to HSBC Bank Plc as its FX overlay services provider.

## Specific investment objectives and investment policies of the different Funds (excluding Money Market Funds)

# Schroder Special Situations Fund Diversified Alternative Assets

## Investment Objective

The Fund aims to provide capital growth and income in excess of UK CPI + 2.5% after fees have been deducted over a five to seven year period by investing in Alternative Asset Classes worldwide.

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets directly or indirectly (through Investment Funds) in Alternative Asset Classes worldwide.

The Fund may also invest in equity and equity related securities, fixed and floating rate securities, investment funds and currencies worldwide.

The Fund may have an indirect exposure to distressed securities, contingent convertible bonds, asset-backed securities, mortgage-backed securities and high yield securities.

The Fund may invest up to 10% of its assets in open-ended Investment Funds (including other Schroders Funds).

The Fund may also invest in warrants and Money Market Investments, and hold cash.

## Fund Characteristics

Fund Currency	GBP
Investment Manager	Schroder & Co. Ltd
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Weekly, on each Wednesday or the next Business Day if a Wednesday is not a Business Day <sup>1</sup> and on the last Business Day in a month
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".</p> <p>The level of distribution costs in certain jurisdictions may impact the ability of the Investment Manager to meet the Fund's Investment Objective across all Share Classes after fees have been deducted.</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term capital growth and income potential and diversification offered through investment in a diversified portfolio offering exposure to alternative asset classes.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
S	None	None	None	None
C	1,000,000	100,000	1,000,000	None

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
S	None	Up to 0.2%	None
C	None	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.



# Schroder Special Situations Fund Fixed Maturity Bond I

## Investment Objective

The Fund aims to provide income over a fixed four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

### The Fund invests its assets for a fixed four year period.

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed four year period.

The Fund may invest up to 75% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.</p> <p>For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond 2021 (II)

## Investment Objective

The Fund aims to provide income over a four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date of 2021.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a four year period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond 2023 (I)

## Investment Objective

The Fund aims to provide income over a fixed four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date of 2023.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a four year period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 1,000	USD 1,000	USD 1,000	Up to 2%

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond II

## Investment Objective

The Fund aims to provide income over a fixed four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

### The Fund invests its assets for a fixed four year period.

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed four year period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.



# Schroder Special Situations Fund Fixed Maturity Bond III

## Investment Objective

The Fund aims to provide income over a period expected to end in March 2023 by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

The Fund invests its assets for a period expected to end in March 2023.

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within a period ending in March 2023.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond IV

## Investment Objective

The Fund aims to provide income over a fixed four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

### The Fund invests its assets for a fixed four year period.

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed four year period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond V\*

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond VI

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.



# Schroder Special Situations Fund Fixed Maturity Bond VII\*

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond VIII\*

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond IX\*

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 75% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Fixed Maturity Bond X\*

## Investment Objective

The Fund aims to provide income over a fixed period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

**The Fund invests its assets for a fixed period, defined in years. The fixed period for which the Fund is created will be determined at the time of launch and will be disclosed in the Key Investor Information Documents of the Fund.**

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date within the fixed period.

The Fund may invest up to 75% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated.

That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them at least two months prior to the date of liquidation. From the issuance of this letter, any redemption charges in place will no longer apply.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Further Information

The Key Investor Information Documents of the Fund are available on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)).

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.  For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a fixed period.
Additional Information	The Fund will undergo an offering period to close on or, at the Investment Manager's discretion, after, the launch date of the Fund. Following the closure of the offering period, subscriptions will no longer be accepted.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%
A2	USD 1,000	USD 1,000	USD 1,000	Up to 2%

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None
A2	Up to 2%	Up to 1%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

Not all Share Classes listed are available for subscription at the time of issue of this Prospectus

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.



# Schroder Special Situations Fund Fixed Maturity Bond 2022

## Investment Objective

The Fund aims to provide income over a four year period by investing in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies, and supra-nationals worldwide. The income distribution is based on the yield to maturity of the fixed income securities within the portfolio.

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets in USD-denominated fixed and floating rate securities issued by companies, governments, government agencies and supra-nationals worldwide, including in emerging markets, with a maturity date of 2022.

The Fund may invest up to 50% of its assets in sub-investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) while also aiming to achieve an average credit rating of investment grade.

The Fund may invest up to 20% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

After these investments mature (or are sold) the Fund will be authorised to hold up to 100% of its assets in deposits, cash and Money Market Investments until it is liquidated. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund is designed to be held to maturity and Investors should be prepared to remain invested until the Fund is liquidated (exact date to be determined by the Directors).

The Directors will write to Investors to inform them of the exact date of liquidation and of the options available to them.

Investors should be aware that the net asset value of the shares at the end of the investment period or thereafter may be less than the net asset value at the time of the original investment as a consequence of the Fund's distribution policy or market movements.

Whilst it is intended that the Fund will hold securities until maturity, the Investment Manager has the discretion to sell them prior to their maturity.

The investment policy and strategy of the Fund may be similar or close to those of other funds. However, the Fund may be launched on a different date and so the Fund's portfolio will differ from the portfolio of these other funds as it will reflect an investment universe determined by the Investment Manager in accordance with prevailing market conditions, Investors' requirements as well as the recommended retention period at the launch date.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management North America Inc.
Dealing Cut-off Time	13:00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information. For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking income in the relative stability of the debt markets over a four year period.
Additional Information	The Fund will undergo an offering period to close on or about the launch date of the Fund, after which subscriptions will no longer be accepted.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge
A	USD 1,000	USD 1,000	USD 1,000	Up to 2%
A1	USD 500,000	USD 250,000	USD 500,000	Up to 2%

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

Share Classes	Redemption Charge	Investment Management Fee <sup>2</sup>	Performance Fee
A	Up to 2%	Up to 1%	None
A1	Up to 2%	Up to 1%	None

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund International Equity

## Investment Objective

The Fund aims to provide capital growth in excess of the MSCI World ex Japan (Kokusai) (Net TR) (USD) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of companies worldwide, excluding Japan.

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies worldwide, excluding Japan.

The Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in Money Market Investments and hold cash.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off Time <sup>1</sup>	13.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day <sup>1</sup>	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.</p> <p>For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".</p> <p>The level of distribution costs in certain jurisdictions may impact the ability of the Investment Manager to meet the Fund's Investment Objective across all Share Classes after fees have been deducted.</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term growth potential offered through investment in equities.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee
I	USD 5,000,000	USD 2,500,000	USD 5,000,000	None	0.6%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

<sup>2</sup> Percentages are stated with reference to the total subscription amount.

<sup>3</sup> Percentages are stated with reference to the total subscription amount.

# Schroder Special Situations Fund Managed Wealth Portfolio

## Investment Objective

The Fund aims to provide capital growth and income of CPI + 3% over rolling 5 year periods (gross of fees) by investing in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. There is no guarantee that this objective will be met and your capital is at risk.

## Investment Policy

The Fund invests at least 80% of its assets (directly or indirectly) in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest up to 35% of its assets indirectly in Alternative Asset Classes (as defined in Appendix III of this prospectus and including, for the purposes of this Fund, insurance linked securities), through collective investment schemes, exchange traded funds, real estate investment trusts or closed-ended funds worldwide. The Fund seeks to generate sustainable returns over the long-term by blending a diversified range of assets, managers and strategies.

The Fund may invest:

- up to 15% of its assets indirectly in private equity;
- up to 15% of its assets indirectly in infrastructure;
- up to 15% of its assets indirectly in insurance linked securities.

Investments in these instruments are subject to the 35% limit disclosed in the previous paragraph.

The Fund may invest up to 100% of its assets in collective investment schemes.

The Fund may also invest in warrants, Money Market Investments and hold cash.

## Fund Characteristics

Fund Currency	GBP
Investment Manager	Schroder & Co. Ltd
Dealing Cut-off Time	13.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".  The level of distribution costs in certain jurisdictions may impact the ability of the Investment Manager to meet the Fund's Investment Objective across all Share Classes after fees have been deducted.
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term capital growth and income potential offered through investment in a diversified portfolio offering exposure to a range of asset classes.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.

**As of 6<sup>th</sup> July 2020 the investment objective and policy will change to:**

## Investment Objective

The Fund aims to provide capital growth and income of UK CPI + 3.5% per annum after fees have been deducted over a five to seven year period by investing in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. There is no guarantee that this objective will be met and your capital is at risk.

## Investment Policy

The Fund is actively managed and invests directly, or indirectly in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide.

The Fund may invest up to 35% of its assets indirectly in Alternative Asset Classes (as defined in Appendix III of this prospectus) through collective investment schemes, exchange traded funds, real estate investment trusts or closed-ended funds worldwide. The Fund invests at least 50% of its assets in collective investment schemes (including Schroder funds).

The Fund may invest:

- up to 20% of its assets in cash;
- between 20% and 50% of its assets in fixed and floating rate securities; and
- between 25% and 60% of its assets in equity and equity related securities.

The Fund may also invest in warrants and Money Market Investments.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee
S	None	None	None	None	0.375%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the total subscription amount, which represents for C(Inst.) Shares 1.01% of the Net Asset Value per Share.

<sup>3</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Multi-Asset Dynamic

## Investment Objective

The Fund aims to provide income and capital growth of 3 month EURIBOR + 4.5% (or an alternative reference rate) before fees have been deducted\* over rolling 5 year periods by investing in a diversified range of assets and markets worldwide. The expected level of volatility (a measure of how much the Fund's returns vary over a year) is 10% per annum.

\*For the target return after fees for each Share Class please visit the Schroder website:

<https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoing-charges/>

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets directly or indirectly in equity and equity-related securities, fixed and floating rate securities and Alternative Asset Classes (as defined in Appendix III of this Prospectus).

The Fund may invest up to 100% of its assets in Investment Funds (including other Schroder Funds).

Fixed and floating rate securities may include government bonds, corporate bonds, emerging market debt, convertible bonds and inflation linked bonds. The Fund may invest in sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The Fund may have an indirect limited exposure to distressed securities, contingent convertible bonds, asset-backed securities, mortgage-backed securities and high yield securities.

The Fund may use derivatives long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.

The Fund may also invest in Money Market Investments and hold cash.

## Fund Characteristics

Fund Currency	EUR
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off Time <sup>1</sup>	13.00 Luxembourg time 1 Business Day preceding a Dealing Day
Dealing Frequency / Dealing Day <sup>1</sup>	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 4 Business Days from the relevant Dealing Day
Specific risk considerations	<p>The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.</p> <p>As the Fund's performance is calculated by reference to an IBOR it may be necessary, as a result of these industry initiatives, for the Fund to choose a successor or substitute alternative reference rate as the Fund's benchmark. As described further under the heading "IBOR Reform" in Appendix II, even with spreads or other adjustments, IBOR-equivalent alternative reference rates may be only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBOR. This may result in the Fund not constituting an economically equivalent investment to that which an investor had anticipated at the time it invested in the Fund. Schroders is in the process of assessing the potential alternatives to IBORs and will notify investors in the Fund of the decision in due course.</p> <p>For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term growth potential through investment in a diversified portfolio offering exposure to a range of asset classes.
EURIBOR	Schroders is in the process of assessing the potential alternatives to EURIBOR and will inform investors of the decision in due course.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee	Redemption Charge
A	EUR 1,000	EUR 1,000	EUR 1,000	None	0.50%	None	Up to 1.50%

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

<sup>2</sup> Percentages are stated with reference to the total subscription amount.

<sup>3</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Wealth Management USD Cautious\*

## Investment Objective

The Fund aims to provide capital growth and income of US CPI +2.75% per annum before fees have been deducted\* over a three to five year period by investing in a diversified range of assets and markets worldwide.

\*For the target return after fees for each Share Class please visit the Schroder website:

<https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoing-charges/>

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets directly or indirectly in equity and equity-related securities, fixed income securities and Alternative Asset Classes. At times, the Fund's portfolio may be concentrated in any one or more of such asset classes.

Fixed income securities include fixed or floating rate securities such as government bonds, corporate bonds, emerging market debt, convertible bonds and inflation linked bonds.

The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets (including the CIBM via Bond Connect).

The Fund may invest up to 25% of its assets in below investment grade (fixed and floating rate) securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) and unrated securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The exposure to commodities, real estate and other Alternative Asset Classes is taken through eligible assets (such as exchange traded funds, closed-ended REITs or open-ended Investment Funds) as described in Appendix III of this Prospectus.

The Fund may (exceptionally) hold up to 100% of its assets in cash and Money Market Investments. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund may invest up to 20% of its assets in open-ended Investment Funds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder & Co. (Asia) Ltd
Dealing Cut-off Time	13.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>For full details of the risks applicable to investing in these Funds, including a detailed description of the risks linked to contingent convertible bonds, below-investment grade securities, asset backed securities, mortgage-backed securities and smaller companies can be found in Appendix II of this Prospectus, "Risks of Investment".</p> <p>The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII schemes or Regulated Markets (including the CIBM via Bond Connect). Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are securities trading and clearing linked programmes developed by The Stock Exchange of Hong Kong Limited, Shanghai/Shenzhen Stock Exchanges, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited, with an aim to achieve mutual stock market access between the PRC (excluding Hong Kong, Macau and Taiwan) and Hong Kong. Investors should note that the RQFII status may be suspended or revoked and that this may adversely affect the Fund's performance by requiring the Fund to dispose of its securities holdings. Please refer to Appendix II for more information of the risks regarding Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII status, RQFII quota, the CIBM and Bond Connect.</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term capital growth and income potential offered through investment in a diversified portfolio offering exposure to a range of asset classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding
A	USD 250,000	USD 50,000	USD 50,000
C	USD 250,000	USD 50,000	USD 50,000
S	None	None	None

Share Classes	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee
A	Up to 2%	0.95%	None
C	None	0.475%	None
S	None	0.475%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the total subscription amount.

<sup>3</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.



# Schroder Special Situations Fund Wealth Management USD Balanced\*

## Investment Objective

The Fund aims to provide capital growth and income of US CPI +3.50% per annum before fees have been deducted\* over a three to five year period by investing in a diversified range of assets and markets worldwide.

\*For the target return after fees for each Share Class please visit the Schroder website:

<https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoing-charges/>

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets directly or indirectly in equity and equity-related securities, fixed income securities and Alternative Asset Classes. At times, the Fund's portfolio may be concentrated in any one or more of such asset classes.

Fixed income securities include fixed or floating rate securities such as government bonds, corporate bonds, emerging market debt, convertible bonds and inflation linked bonds.

The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets (including the CIBM via Bond Connect).

The Fund may invest up to 35% of its assets in below investment grade (fixed and floating rate) securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) and unrated securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The exposure to commodities, real estate and other Alternative Asset Classes is taken through eligible assets (such as exchange traded funds, closed-ended REITs or open-ended Investment Funds) as described in Appendix III of this Prospectus.

The Fund may (exceptionally) hold up to 100% of its assets in cash and Money Market Investments. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund may invest up to 20% of its assets in open-ended Investment Funds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder & Co. (Asia) Ltd
Dealing Cut-off Time	13.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>Full details of the risks applicable to investing in these Funds, including a detailed description of the risks linked to contingent convertible bonds, below-investment grade securities, asset backed securities, mortgage-backed securities and smaller companies can be found in Appendix II of this Prospectus, "Risks of Investment".</p> <p>The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII schemes or Regulated Markets (including the CIBM via Bond Connect). Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are securities trading and clearing linked programmes developed by The Stock Exchange of Hong Kong Limited, Shanghai/Shenzhen Stock Exchanges, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited, with an aim to achieve mutual stock market access between the PRC (excluding Hong Kong, Macau and Taiwan) and Hong Kong. Investors should note that the RQFII status may be suspended or revoked and that this may adversely affect the Fund's performance by requiring the Fund to dispose of its securities holdings. Please refer to Appendix II for more information of the risks regarding Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII status, RQFII quota, the CIBM and Bond Connect.</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term capital growth and income potential offered through investment in a diversified portfolio offering exposure to a range of asset classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding
A	USD 250,000	USD 50,000	USD 50,000
C	USD 250,000	USD 50,000	USD 50,000
S	None	None	None

Share Classes	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee
A	Up to 2%	1.10%	None
C	None	0.55%	None
S	None	0.55%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the total subscription amount.

<sup>3</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

# Schroder Special Situations Fund Wealth Management USD Growth\*

## Investment Objective

The Fund aims to provide capital growth and income of US CPI +4.25% per annum before fees have been deducted\* over a three to five year period by investing in a diversified range of assets and markets worldwide.

\*For the target return after fees for each Share Class please visit the Schroder website:

<https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoing-charges/>

## Investment Policy

The Fund is actively managed and invests at least two-thirds of its assets directly or indirectly in equity and equity-related securities, fixed income securities and Alternative Asset Classes. At times, the Fund's portfolio may be concentrated in any one or more of such asset classes.

Fixed income securities include fixed or floating rate securities such as government bonds, corporate bonds, emerging market debt, convertible bonds and inflation linked bonds.

The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets (including the CIBM via Bond Connect).

The Fund may invest up to 40% of its assets in below investment grade (fixed and floating rate) securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) and unrated securities.

The Fund may invest up to 10% of its assets in contingent convertible bonds.

The exposure to commodities, real estate and other Alternative Asset Classes is taken through eligible assets (such as exchange traded funds, closed-ended REITs or open-ended Investment Funds) as described in Appendix III of this Prospectus.

The Fund may (exceptionally) hold up to 100% of its assets in cash and Money Market Investments. That period will be limited to a maximum of six months (otherwise the Fund will be liquidated). During that period, the Fund will not fall within the scope of MMFR.

The Fund may invest up to 20% of its assets in open-ended Investment Funds.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

## Fund Characteristics

Fund Currency	USD
Investment Manager	Schroder & Co. (Asia) Ltd
Dealing Cut-off Time	13.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 3 Business Days from the relevant Dealing Day
Specific risk considerations	<p>Full details of the risks applicable to investing in these Funds, including a detailed description of the risks linked to contingent convertible bonds, below-investment grade securities, asset backed securities, mortgage-backed securities and smaller companies can be found in Appendix II of this Prospectus, "Risks of Investment".</p> <p>The Fund may invest in mainland China through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII schemes or Regulated Markets (including the CIBM via Bond Connect). Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are securities trading and clearing linked programmes developed by The Stock Exchange of Hong Kong Limited, Shanghai/Shenzhen Stock Exchanges, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited, with an aim to achieve mutual stock market access between the PRC (excluding Hong Kong, Macau and Taiwan) and Hong Kong. Investors should note that the RQFII status may be suspended or revoked and that this may adversely affect the Fund's performance by requiring the Fund to dispose of its securities holdings. Please refer to Appendix II for more information of the risks regarding Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, RQFII status, RQFII quota, the CIBM and Bond Connect.</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are seeking long term capital growth and income potential offered through investment in a diversified portfolio offering exposure to a range of asset classes.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding
A	USD 250,000	USD 50,000	USD 50,000
C	USD 250,000	USD 50,000	USD 50,000
S	None	None	None

Share Classes	Initial Charge <sup>2</sup>	Investment Management Fee <sup>3</sup>	Performance Fee
A	Up to 2%	1.25%	None
C	None	0.625%	None
S	None	0.625%	None

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the total subscription amount.

<sup>3</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

## Specific investment objectives and investment policies of the Money Market Funds

This section contains additional information applicable to the Funds which qualify as Money Market Funds. The general provisions of the Prospectus also apply to the Money Market Funds, unless otherwise provided below.

# Schroder Special Situations Fund Sterling Liquidity Plus

This Fund qualifies as a Standard Variable Net Asset Value Money Market Fund in accordance with the provisions of the MMFR. This Fund has been rated by external credit rating agencies. Such ratings were solicited and financed by the Management Company.

## Investment Objective

The Fund aims to provide capital growth equivalent to 3 month sterling LIBOR (or an alternative reference rate) before fees have been deducted\*by investing in Money Market Instruments worldwide. There is no guarantee that this objective will be met and your capital is at risk.

\*For the target return after fees for each Share Class please visit the Schroder website:

<https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoing-charges/>

## Investment Policy

The Fund is actively managed and invests at least two thirds of its assets in Money Market Instruments (at least rated investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies in addition to receiving a favourable assessment of their credit quality pursuant to the Management Company's internal credit quality assessment procedure), that are denominated in Sterling and issued by governments, government agencies, supra-nationals and companies worldwide. The Fund may also invest in non-Sterling denominated Money Market Instruments provided that any foreign exchange exposure is hedged to Sterling. The maturity of all such securities does not exceed 2 years.

The Fund may use derivatives with the aim of hedging currency and interest rate risks. The Fund may also hold cash and make deposits with a credit institution.

## Fund Characteristics

Fund Currency	GBP
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off Time	15.00 Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds <sup>1</sup>	Within 1 Business Day from the relevant Dealing Day
Specific risk considerations	<p>The reference in the Investment Policy to a fund investing two-thirds of its assets in a certain way applies in normal market conditions. Please refer to the start of this Appendix for further information.</p> <p>As the Fund's performance is calculated by reference to an IBOR it may be necessary, as a result of these industry initiatives, for the Fund to choose a successor or substitute alternative reference rate as the Fund's benchmark. As described further under the heading "IBOR Reform" in Appendix II, even with spreads or other adjustments, IBOR-equivalent alternative reference rates may be only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBOR. This may result in the Fund not constituting an economically equivalent investment to that which an investor had anticipated at the time it invested in the Fund. Schroders is in the process of assessing the potential alternatives to IBORs and will notify investors in the Fund of the decision in due course.</p> <p>For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".</p>
Profile of the typical Investor	The Fund may be suitable for Investors who are conservative risk averse, where income and preservation of principal are their primary objectives over the long term. Investors should be aware however that preservation of capital is not guaranteed.
LIBOR	Schroders is in the process of assessing the potential alternatives to LIBOR and will inform investors of the decision in due course.

<sup>1</sup> Different subscription and redemption procedures may apply if applications are made through Distributors.

## Share Class Features

Share Classes	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding	Initial Charge	Investment Management Fee <sup>2</sup>
C	GBP 300,000	GBP 150,000	GBP 300,00	None	0.10%
I	GBP 3,000,000	GBP 1,500,000	GBP 3,000,000	None	None
X	GBP 25,000,000	GBP 12,500,000	GBP 25,000,000	None	None
X1	GBP 300,000	GBP 150,000	GBP 300,000	None	0.04%
X2	GBP 25,000,000	GBP 12,500,000	GBP 25,000,000	None	Up to 0.50%
S	None	None	None	None	Up to 1.50%

A share class hedging charge of up to 0.03% will be borne by the currency hedged Share Classes.

<sup>2</sup> Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate.

## Additional Information for Money Market Funds

### Additional information to Shareholders

Shareholders' attention is drawn to the fact that:

- Money Market Funds are not a guaranteed investment;
- an investment in a Money Market Fund is different from an investment in deposits as the principal invested in a Money Market Fund is capable of fluctuation;
- the Company does not rely on external support for guaranteeing the liquidity of the Funds which qualify as Money Market Funds or stabilising the Net Asset Value per Shares of those Funds; and
- the risk of loss of the principal is borne by the Shareholders.

In addition to the information made available to Shareholders in accordance with the main part of the Prospectus, the following information will be made available at the registered office of the Company and on the internet site of the Management Company ([www.schroders.lu](http://www.schroders.lu)) on a weekly basis:

- the maturity breakdown of the portfolio of the relevant Fund;
- the credit profile of the relevant Fund;
- the Weighted Average Maturity and the Weighted Average Life of the relevant Fund;
- details of the 10 largest holdings in the Fund, including the name, country, maturity and asset type, the counterparty in the case of repurchase and reverse repurchase agreements;
- the total value of the relevant Fund; and
- the net yield of the relevant Fund.

In addition, the Net Asset Value per Share of the Share Classes of the Fund shall be made available on the abovementioned internet site on a daily basis.

### Specific provisions relating to the calculation of the Net Asset Value per Share

The Net Asset Value per Share shall be rounded to the nearest basis point or its equivalent when the Net Asset Value is published in a currency unit.

By derogation to the section 2.4. "Calculation of Net Asset Value" above, the assets of Funds qualifying as Money Market Funds will be valued using the following valuation principles:

- (A) Liquid assets and Money Market Instruments will be valued at Mark-to-Market or Mark-to-Model where the use of Mark-to-Market is not possible or the market data is not of sufficient quality;
- (B) Shares or units of Money Market Funds shall be valued at their last available net asset value as reported by such money market funds;
- (C) The value of any cash on hand or on deposit 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 conservatively by using Mark-to-Model;

- (D) Any assets or liabilities in currencies other than the Fund Currency (as defined in this Appendix ) will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

The assets of Funds qualifying as Money Market Funds shall be valued on at least a daily basis.

The Net Asset Value per Share shall be calculated as the difference between the sum of all assets of the Fund and the sum of all liabilities of the Fund valued in accordance with Mark-to-Market or Mark-to-Model, or both, divided by the number of outstanding Shares of the Fund.

Shares of a Fund shall be issued or redeemed at a price that is equal to the relevant Net Asset Value per Share calculated on the Dealing Day (plus any applicable initial charge or less any applicable redemption charge).

### Investment restrictions and portfolio rules

#### Specific investment restrictions

The Directors have adopted the following restrictions in relation to the investments of the Funds qualifying as Standard Variable Net Asset Value Money Market Funds. These restrictions and policies may be amended from time to time by the Directors should they deem it to be in the best interest of the Company. In this case, the Prospectus will be updated.

- (A) Each Fund may exclusively invest in the following eligible assets:
  - (1) Money Market Instruments that fulfil all of the following requirements:
    - (i) It falls within the following categories:
      - (a) Money Market Instruments admitted to or dealt in on a Regulated Market, admitted to official listing on a stock exchange; and/or
      - (b) Money Market Instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
        - (i) issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
        - (ii) issued by an undertaking, any securities of which are dealt in on Regulated Markets referred to in (1) (I) (a) above; or



- (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in (i), (ii) and (iii) above and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (II) it displays one of the following alternative characteristics:
- (a) it has a legal maturity at issuance of 397 days or less;
  - (b) it has a residual maturity of 397 days or less;
  - (c) it has a residual maturity until the legal redemption date of less than or equal to 2 years provided that the time remaining to the next interest rate reset date is 397 days or less. For that purpose, floating-rate Money Market Instruments and fixed-rate Money Market Instruments hedged by a swap arrangement shall be reset to a money market rate or index.
- (III) the issuer of the Money Market Instrument and the quality of the Money Market Instrument have received a favourable assessment pursuant to the internal credit quality assessment procedure established by the Management Company;
- This requirement shall not apply to Money Market Instruments issued or guaranteed by the EU, a central authority or central bank of an EU Member State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility.
- (IV) where the Funds invest in a securitisation or ABCP, it is subject to the requirements laid down in (A) (2) below.
- (I) Eligible securitisations and ABCPs provided that the securitisation or ABCP is sufficiently liquid, has received a favourable assessment pursuant to the internal credit quality assessment procedure established by the Management Company, and is any of the following:
- (a) a securitisation referred to in Article 13 of Commission Delegated Regulation (EU) 2015/61<sup>1</sup>;
  - (b) an ABCP issued by an ABCP programme which:
    - (i) is fully supported by a regulated credit institution that covers all liquidity, credit and material dilution risks, as well as ongoing transaction costs and ongoing programme-wide costs related to the ABCP, if necessary to guarantee the investor the full payment of any amount under the ABCP;
    - (ii) is not a re-securitisation and the exposures underlying the securitisation at the level of each ABCP transaction do not include any securitisation position;
    - (iii) does not include a synthetic securitisation as defined in point (11) of Article 242 of Regulation (EU) No 575/2013<sup>2</sup>;
  - (c) a simple, transparent and standardised (STS) securitisation, as determined in accordance with the criteria and conditions laid down in Articles 20, 21 and 22 of Regulation (EU) 2017/2402 of the European Parliament and of the Council, or an STS ABCP as determined in accordance with the criteria and conditions laid down in Articles 24, 25 and 26 of that Regulation.
- (II) The Fund may invest in the securitisations or ABCPs provided any of the following conditions is fulfilled, as applicable:
- (a) The legal maturity at issuance or residual maturity of the securitisations and ABCPs referred to in (I) (a) (b) and (c) above is two years or less and the time remaining until the next interest rate reset date is 397 days or less;
  - (b) The securitisations referred to in points (I) (a) and (c) above are amortising instruments and have a WAL of two years or less.
- (2) Deposits with credit institutions provided that all of the following conditions are fulfilled:
- (I) the deposit is repayable on demand or is able to be withdrawn at any time;
  - (II) the deposit matures in no more than 12 months;

<sup>1</sup> Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.

<sup>2</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

- (III) the credit institution has its registered office in a EU Member State or, where the credit institution has its registered office in a third country, it is subject to prudential rules considered equivalent to those laid down in EU Law in accordance with the procedure laid down in Article 107(4) of Regulation (EU) No 575/2013.
- (3) Repurchase agreements provided that all the following conditions are fulfilled:
- (I) It is used on a temporary basis, for no more than seven working days, only for liquidity management purposes and not for investment purposes other than as referred to in point (III) below.
- (II) The counterparty receiving assets transferred by the relevant Fund as collateral under the repurchase agreement is prohibited from selling, investing, pledging or otherwise transferring those assets without the prior consent of the Company;
- (III) The cash received by the relevant Fund as part of the repurchase agreement is able to be:
- (a) placed on deposits in accordance with (3) above; or
- (b) invested in liquid transferable securities or Money Market Instruments other than those referred to in (A) (1) above provided that those assets comply with one of the following conditions:
- (i) they are issued or guaranteed by the Union, a central authority or central bank of a Member State of the EU, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure established by the Management Company;
- (ii) they are issued or guaranteed by a central authority or central bank of a non-EU Member State, provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure of the Management Company.
- Cash received by the relevant Fund as part of the repurchase agreement shall not otherwise be invested in other assets, transferred or otherwise reused.
- (IV) Cash received by the relevant Fund as part of the repurchase agreement does not exceed 10% of its assets.
- (V) The Company has the right to terminate the agreement at any time upon giving prior notice of no more than two working days.
- (4) Reverse repurchase agreements provided that all of the following conditions are fulfilled:
- (I) the Fund has the right to terminate the agreement at any time upon giving prior notice of no more than two working days;
- (II) the assets received by the Fund as part of a reverse repurchase agreement shall:
- (a) be Money Market Instruments that fulfil the requirements set out in (A) (1) above;
- (b) not include securitisations and ABCPs;
- (c) have a market value which is at all times at least equal to the cash paid out;
- (d) not be sold, reinvested, pledged or otherwise transferred;
- (e) be sufficiently diversified with a maximum exposure to a given issuer of 15% of the Fund's Net Asset Value except where those assets take the form of Money Market Instruments that fulfil the requirements of (C) (1) (VIII) below.
- (f) be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- By way of derogation from (a) above, the Fund may receive as part of a reverse repurchase agreement liquid transferable securities or Money Market Instruments other than those referred to in (A) (1) above provided that those assets comply with one of the following conditions:
- (i) they are issued or guaranteed by the Union, a central authority or central bank of a Member State of the EU, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure established by the Management Company;
- (ii) they are issued or guaranteed by a central authority or central bank of a non-EU Member State, provided that a favourable assessment has been received pursuant to the internal credit rating assessment procedure of the Management Company.
- The assets received as part of a reverse repurchase agreement in accordance with the above shall fulfil the diversification requirements described under (C) (1) (VIII).
- (III) The Company shall ensure that it is able to recall the full amount of cash at any time on either an accrued basis or a Mark-to-Market basis. When the cash is recallable at any time on a Mark-to-Market basis, the Mark-to-Market value of the reverse repurchase agreement shall be used for the calculation of the Net Asset Value per Share of the relevant Fund.

- (5) Units or shares of any other standard or short-term Money Market Fund ("targeted MMF") provided that all of the following conditions are fulfilled:
- (i) no more than 10 % of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of targeted MMFs.
  - (ii) the targeted MMF does not hold units or shares of the acquiring Fund.
  - (iii) the targeted MMF is authorised under the MMF Regulation.
- (6) Financial derivative instruments provided that they are dealt in on a stock exchange or a Regulated Market or OTC provided that all of the following conditions are fulfilled:
- (i) the underlying of the financial derivative instrument consists of interest rates, foreign exchange rates, currencies or indices representing one of those categories;
  - (ii) the financial derivative instrument serves only the purpose of hedging the interest rate or exchange rate risks inherent in other investments of the Fund;
  - (iii) the counterparties to OTC derivative transactions are institutions subject to prudential regulation and supervision and belonging to the categories approved by the CSSF;
  - (iv) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- (B) The Company may hold ancillary liquid assets in accordance with Article 41(2) of the Law.
- (i) The Company will invest no more than 5% of the assets of any Fund in Money Market Instruments, securitisations and ABCPs issued by the same body.  
  
The Company may not invest more than 10% of the assets of such Fund in deposits made with the same credit institution, unless the structure of the Luxembourg banking sector is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the Fund to make deposits in another Member State of the EU, in which case up to 15 % of its assets may be deposited with the same credit institution.
  - (ii) By way of derogation from (C) (1) (I) above, a Fund may invest up to 10% of its assets in Money Market Instruments, securitisations and ABCPs issued by the same body provided that the total value of such Money Market Instruments, securitisations and ABCPs held by the relevant Fund in each issuing body in which it invests more than 5 % of its assets does not exceed 40 % of the value of its assets.
- (iii) The aggregate of all of a Fund's exposures to securitisations and ABCPs shall not exceed 20% of its assets, whereby up to 15% of that Fund's assets may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs.
  - (iv) The aggregate risk exposure to the same counterparty of a Fund stemming from OTC derivative transactions which fulfil the conditions set out in (A) (7) above shall not exceed 5% of the assets of the relevant Fund.
  - (v) The aggregate amount of cash provided to the same counterparty of the Company acting on behalf of a Fund in reverse repurchase agreements shall not exceed 15 % of the assets of that Fund.
  - (vi) Notwithstanding the individual limits laid down in paragraphs (C) (1) (I) and (IV), the Company shall not combine, where to do so would result in an investment of more than 15 % of a Fund's assets in a single body, any of the following:
    - (a) investments in Money Market Instruments, securitisations and ABCPs issued by that body, and/or
    - (b) deposits made with that body, and/or
    - (c) OTC financial derivative instruments giving counterparty risk exposure to that body
  - (vii) The limit of 15% laid down in (C) (1) (VI) above would be increased to a maximum of 20% in Money Market Instruments, deposits and OTC financial derivative instruments of that single body to the extent the structure of the Luxembourg financial market would be such that there are insufficient viable financial institutions to meet that diversification requirement and it is not economically feasible for the Company to use financial institutions in other Member States of the EU.
- (viii) Notwithstanding the provisions outlined in (C) (1) (I), the Company is authorised to invest more than 5% and up to 100% of the assets of any Fund, in accordance with the principle of risk spreading, in Money Market Instruments issued or guaranteed separately or jointly by the EU, the national, regional and local administrations of the Member States of the EU or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a member state of the OECD, Group of Twenty or Singapore, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States of the EU belong, provided that such**

**Fund must hold Money Market Instruments from at least six different issues by the issuer and that the Fund limits the investments in Money Market Instruments from the same issue to a maximum of 30% of the assets of such Fund.**

- (IX) The limit laid down in the first paragraph of (C) (1) (I) may be of a maximum of 10% for certain bonds when they are issued by a single credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attached to the bonds and which, in case of failure of the issuer, would be used on a priority basis for the repayment of the principal and payment of accrued interest.
- (X) If a Fund invests more than 5% of its assets in the bonds referred to in the above paragraph and issued by a single issuer, the total value of such investments shall not exceed 40% of the value of the assets of the Fund.
- (XI) Notwithstanding the individual limits laid down in (C) (1) (I) the Fund may invest no more than 20 % of its assets in bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of Delegated Regulation (EU) 2015/61 are met, including any possible investment in assets referred to in (C) (1) (IX) and (X) above.

Where a Fund invests more than 5 % of its assets in the bonds referred to in the above paragraph issued by a single issuer, the total value of those investments shall not exceed 60 % of the value of the assets of the relevant Fund, including any possible investment in assets referred to in (C) (1) (IX) and (X) above, respecting the limits set out therein.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in section (C) (1) (I) to (VII).

- (1) The Company may not acquire on behalf of any Fund more than 10% of Money Market Instruments, securitisations and ABCPs issued by a single body.
- (2) Paragraph (D) (1) above is waived as regards Money Market Instruments issued or guaranteed by the EU, national, regional and local administrations of the Member States of the EU or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of

Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States of the EU belong.

- (1) Unless explicitly otherwise mentioned in its investment policy, a Fund may not invest more than 10% of its assets in units or shares of targeted MMFs as defined under paragraph (A) (6).
- (2) A Fund may acquire units or shares of another targeted MMF provided that it represents no more than 5% of a Fund's assets.
- (3) Any Fund which is allowed to derogate from item (E) (1) above may not invest in aggregate more than 17.5% of its assets in units or shares of other targeted MMFs.
- (4) By derogation to (2) and (3) above, any Fund may either:
  - (I) be a feeder MMF investing at least 85% of its assets in one other single targeted MMF UCITS in accordance with Article 58 of the UCITS Directive; or
  - (II) invest up to 20% of its assets in another single targeted MMF with a maximum of 30% in aggregate of its assets in targeted MMFs which are not UCITS in accordance with Article 55 of the UCITS Directive,

provided that the following conditions are met:

  - (a) the relevant Fund is marketed solely through an employee savings scheme governed by national law and which has only natural persons as investors;
  - (b) the employee savings scheme referred to above only allows investors to redeem their investment subject to restrictive redemption terms which are laid down in national law, whereby redemptions may only take place in certain circumstances that are not linked to market developments.
- (5) Where the target MMF is managed, whether directly or under a delegation, by the Management Company or by any other company to which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the acquiring Fund in the units or shares of the targeted MMF.

In respect of a Fund's investments of more than 10% of its assets in the target MMF, (i) if the target MMF is linked to the Management Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant Fund and (ii) in other cases, the maximum level of management fees that may be charged both to the Fund itself and to the target MMF will not exceed 1%. The Company will indicate in its annual report the total management

fees charged both to the relevant Fund and to the target MMF in which such Fund has invested during the relevant period.

- (6) The underlying investments held by the targeted MMF in which a Fund invests do not have to be considered for the purpose of the investment restrictions set forth under (C) (1) (I) above.
- (7) Any Fund may act as a master fund for other funds.

Notwithstanding the foregoing, a Fund may subscribe, acquire and/or hold securities to be issued or issued by one or more Fund(s) qualifying as Money Market Funds without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- (I) the target Money Market Fund does not, in turn, invest in the relevant Fund invested in this target Money Market Fund; and
- (II) no more than 10% of the assets that the target Money Market Funds whose acquisition is contemplated may be invested in units of other Money Market Funds; and
- (III) voting rights, if any, attaching to the shares of the target Money Market Fund are suspended for as long as they are held by the Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (IV) in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Luxembourg Law.

(C) In addition the Company will not:

- (1) invest in assets other than those referred to under (A) and (B) above;
- (2) short sale Money Market Instruments, securitisations, ABCPs and units or shares of other Money Market Funds ;
- (3) take direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them, or any other means or instrument that would give an exposure to them.
- (4) enter into securities lending agreements or securities borrowing agreements, or any other agreement that would encumber the assets of the Fund.
- (5) borrowing and lending cash.

(D) The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in which the Shares are marketed.

## Portfolio rules

Standard Variable Net Asset Value Money Market Funds shall also comply on an ongoing basis with all of the following requirements:

- (A) its portfolio is to have at all times a Weighted Average Maturity of no more than 6 months;
- (B) its portfolio is to have at all times a Weighted Average Life of no more than 12 months, subject to the provisions of the MMFR;
- (C) at least 7,5 % of its assets are to be comprised of daily maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of one working day or cash which can be withdrawn by giving prior notice of one working day. A Fund is not to acquire any asset other than a daily maturing asset when such acquisition would result in that Fund investing less than 7,5 % of its assets in daily maturing assets;
- (D) at least 15 % of its assets are to be comprised of weekly maturing assets, reverse repurchase agreements (if any) which can be terminated by giving prior notice of five working days or cash which can be withdrawn by giving prior notice of five working days. A Fund is not to acquire any asset other than a weekly maturing asset when such acquisition would result in that Fund investing less than 15 % of its assets in weekly maturing assets. Money Market Instruments or units or shares of other Money Market Funds may be included within the weekly maturing assets limit up to 7.5% of its assets provided they are able to be redeemed and settled within five working days.

If the abovementioned limits are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription or redemption rights, the Company shall adopt as a priority objective the correction of that situation, taking due account of the interest of its Shareholders.

## Repurchase and reverse repurchase agreements

The Company will, for the time being, not enter into repurchase and reverse repurchase agreements. Should the Company decide to enter into those agreements in the future, the Company will update this Prospectus accordingly and will comply with the Regulations and in particular the MMFR, the CSSF circular 14/592 relating to ESMA guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

## Internal Credit Quality Assessment Procedure

In accordance with the MMFR, and relevant delegated acts supplementing the MMFR, the Management Company has established, implemented and consistently applies a customized internal credit quality assessment procedure based on prudent, systematic and continuous assessment methodologies for systematically determining the credit quality of the instruments held in the portfolio of the Funds that qualify as Money Market Funds within the meaning of the MMFR.

An effective process has been established by the Management Company to ensure that relevant information on the issuer and the instrument's characteristics are obtained and kept up-to-date. This information includes, but

is not limited to, detail on each issuer's financial accounts, business profile, and the quality of management in addition to industry and market trends.

Determination of credit risk of an issuer or guarantor will be made based on an independent analysis of the issuer's or guarantor's ability to repay its debt obligations which uses a mixture of quantitative and qualitative information. The persons in charge of the implementation of internal credit quality assessment procedure constitute a team of credit analysts under the responsibility of the Management Company. The determination of credit risk shall include the following elements, where applicable:

- Financial condition and analysis of recent financial statements;
- Assessment of the issuer's liquidity profile including sources of liquidity;
- Ability to react to future market-wide and issuer- or guarantor-specific events, including the ability to repay in a highly adverse situation;
- Strength of the issuer's or guarantor within the economy and relative to economic trends and competitive position;
- Credit quality direction (which is an absolute view of how an issuer's credit quality is expected to evolve in the market);
- Sector rankings (they are made on a relative risk basis, linking a credit quality direction with an analyst's view of what is forecast to happen to an issue in the market);
- The rating and outlook provided by external credit rating agencies.

In order to quantify the credit risk of an issuer or guarantor and the relative risk of default of an issuer or guarantor and of an instrument, the following quantitative criteria will be used in the credit quality assessment methodology:

- Bond pricing information, including credit spreads and pricing of comparable fixed income instruments and related securities;
- Pricing of money market instruments relevant to the issuer or guarantor, instrument or industry sector;
- Credit default-swap pricing information, including credit default-swap spreads for comparable instruments;
- Default statistics relating to the issuer or guarantor, instrument, or industry sector;
- Financial indices relevant to the geographic location, industry sector or asset class of the issuer or instrument;
- Financial information relating to the issuer or guarantor, including profitability ratios, interest coverage leverage metrics, pricing of new issues including the existence of more junior securities.

Specific criteria for the qualitative assessment of the issuer or guarantor and of an instrument as designated by the Management Company will include:

- (A) Credit Assessment of the issuer or guarantor of the instrument
  - (1) The financial condition of the issuer

- (I) Analysis of the sovereign including explicit and contingent liabilities, the size of foreign exchange reserves and any foreign exchange liabilities etc.
- (II) Analysis of the industry and market in which the issuer operates, and its position within it.
- (2) The financial condition of the guarantor
- (3) The condition of government support
  - (I) The level of government ownership or the point at which intervention will take place
  - (II) Debt protection or business/financial support
  - (III) National policy and the level of economic/systematic importance
- (B) The liquidity of the instrument
  - (1) The amount of the issue outstanding
  - (2) The instruments liquidity as measured by both internal and external liquidity risk applications
- (C) The issuer's rating from external credit rating agencies
  - (1) External credit ratings are not relied upon, but are used as an initial threshold for suitability using a minimum rating by internationally recognized statistical rating organizations determined by the Management Company.

There will be no mechanistic over-reliance on external ratings given, amongst other factors, the external rating is not forward-looking in nature. Independent, fundamental analysis will therefore be undertaken in order to come to an informed view.

The qualitative and quantitative inputs on which the credit quality assessment methodology is based will be of a reliable nature and well-documented.

Based on the analysis completed, a global favorable or unfavorable assessment on the issuer and on the instrument will be delivered. Unfavorable assessments result automatically in the impossibility of a transaction. Favorable assessments permit the issuer's inclusion on the approved list of issuers, making transactions possible but do not systematically end with a transaction. Each approved issuer is assigned a maximum maturity for which its issues can be held.

The credit quality of individual issuers is reviewed and updated on a continuous basis. Proactive monitoring of public information that may impact an issuer's credit quality is key part of the dynamic research process.

In case an issuer's credit quality declines the instruments of which are held in the portfolio of a Fund, the issuer may be designated "do not roll". In these instances, the instruments are either (i) sold or (ii) allowed to expire. In this latter case, the assessment of the credit quality of the instrument must remain favorable and further issues of the same issuer will not be purchased until such a point it recovers a credit quality sufficient to conclude to a favorable assessment of the instruments it issues.

The credit quality assessment methodologies are reviewed at least on annual basis by the Management Company and more often if necessary.

In case there is a material change, within the meaning of the MMFR, that could have an impact on the existing assessment of an instrument or on the credit quality methodologies, a new credit quality assessment will be performed and/or credit quality methodologies will be updated.

Stress scenario analysis is performed at both an individual issuer and a total portfolio level. In the case of individual issuers, stress scenario analysis forms an integral part of the credit research process. It is performed in order to test the robustness of the assumptions used in the credit research process and to ensure that individual issuers are suitably resilient under potentially challenging conditions. Key factors involved in historical scenarios are used to inform forward-looking assumptions of potential future scenarios. Stress scenario analysis is performed on-desk by a dedicated team of credit analysts using proprietary systems, and is performed as frequently as may be necessary.

# Appendix IV

## Other Information

(B) List of the third party delegates appointed by the Depositary – as of 12 November 2018

(A) A list of all Funds and Share Classes may be obtained, free of charge and upon request, from the registered office of the Company and on the Internet at [www.schroders.lu](http://www.schroders.lu).

MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
ARGENTINA	HSBC Bank Argentina S.A. Bouchard 557, 18th Floor Buenos Aires C1106ABJ ARGENTINA	HSBC Bank Argentina S.A. Buenos Aires
AUSTRALIA	JPMorgan Chase Bank, N.A. ** Level 31, 101 Collins Street Melbourne 3000 AUSTRALIA	Australia and New Zealand Banking Group Ltd. Melbourne
AUSTRIA	UniCredit Bank Austria AG Julius Tandler Platz – 3 Vienna A-1090 AUSTRIA	J.P. Morgan AG Frankfurt am Main
BAHRAIN	HSBC Bank Middle East Limited Road No 2832 Al Seef 428 BAHRAIN	HSBC Bank Middle East Limited Al Seef
BANGLADESH	Standard Chartered Bank Portlink Tower, Level-6, 67 Gulshan Avenue Gulshan Dhaka 1212 BANGLADESH	Standard Chartered Bank Dhaka
BELGIUM	J.P. Morgan Bank Luxembourg S.A. (for clients contracting with this entity and J.P. Morgan N.A)** European Bank & Business Centre, 6, route de Treves Senningerberg L-2633 LUXEMBOURG  J.P. Morgan Bank (Ireland) PLC (for clients contracting with this entity)** JPMorgan House, International Financial Services Centre Dublin 1 IRELAND  BNP Paribas Securities Services S.C.A. (for clients contracting with J.P. Morgan Suisse) Central Plaza Building, Rue de Loos, 25, 7th Floor Brussels 1000 BELGIUM	J.P. Morgan AG Frankfurt am Main
BERMUDA	HSBC Bank Bermuda Limited 3rd Fl Harbour view Building, 37 Front Street Hamilton HM 11 BERMUDA	HSBC Bank Bermuda Limited Hamilton
BOTSWANA	Standard Chartered Bank Botswana Limited 5th Floor, Standard House, P.O. Box 496, Queens Road, The Mall Gaborone BOTSWANA	Standard Chartered Bank Botswana Limited Gaborone
BRAZIL	J.P. Morgan S.A. DTVM Av. Brigadeiro Faria Lima, 3729, Floor 06 Sao Paulo SP 04538-905 BRAZIL	J.P. Morgan S.A. DTVM Sao Paulo

\*\* J.P. Morgan affiliate



MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
BULGARIA	Citibank Europe plc Serdika Offices, 10th Floor, 48 Sitnyakovo Blvd Sofia 1505 BULGARIA	ING Bank N.V. Sofia
CANADA	CIBC Mellon Trust Company 1 York Street, Suite 900 Toronto Ontario M5L 0B6 CANADA  Royal Bank of Canada 155 Wellington Street West Toronto Ontario M5V 3L3 CANADA	Royal Bank of Canada Toronto
CHILE	Banco Santander Chile Bandera 140, Piso 4 Santiago CHILE	Banco Santander Chile Santiago
CHINA A-SHARE	HSBC Bank (China) Company Limited 33/F, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong Shanghai 200120 THE PEOPLE'S REPUBLIC OF CHINA	HSBC Bank (China) Company Limited Shanghai
CHINA B-SHARE	HSBC Bank (China) Company Limited 33/F, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong Shanghai 200120 THE PEOPLE'S REPUBLIC OF CHINA	JPMorgan Chase Bank, N.A. New York  JPMorgan Chase Bank, N.A. Hong Kong
CHINA CONNECT	JPMorgan Chase Bank, N.A. 48th Floor, One Island East, 18 Westlands Road, Quarry Bay Hong Kong Island HONG KONG	JPMorgan Chase Bank, N.A. Hong Kong
COLOMBIA	Cititrust Colombia S.A. Carrera 9 A # 99-02, 3rd floor Bogota COLOMBIA	Cititrust Colombia S.A. Bogotá
*COSTA RICA*	Banco BCT S.A. 150 Metros Norte de la Catedral Metropolitana, Edificio BCT San Jose COSTA RICA	Banco BCT, S.A. San Jose
*RESTRICTED SERVICE ONLY.*		
CROATIA	Privredna banka Zagreb d.d. Radnicka cesta 50 Zagreb 10000 CROATIA	Zagrebacka banka d.d. Zagreb
CYPRUS	HSBC France Athens Branch 109-111, Messogian Ave. Athens 11526 GREECE	J.P. Morgan AG Frankfurt am Main
CZECH REPUBLIC	UniCredit Bank Czech Republic and Slovakia, a.s. BB Centrum – FILADELFIE, Zeletavska 1525-1, Prague 1 Prague 140 92 CZECH REPUBLIC	Ceskoslovenska obchodni banka, a.s. Prague
DENMARK	Nordea Bank Abp Christiansbro, Strandgade 3, P.O. Box 850 Copenhagen DK-0900 DENMARK	Nordea Bank Abp Copenhagen
EGYPT	Citibank N.A., Egypt Boomerang Building, Plot 46, Zone J, 1st District, 5th Settlement, Off Road 90, New Cairo 11511 EGYPT	Citibank N.A., Egypt New Cairo

MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
ESTONIA	Swedbank AS Liivalaia 8 Tallinn 15040 ESTONIA	J.P. Morgan AG Frankfurt am Main
FINLAND	Nordea Bank Abp Satamaradankatu 5 Helsinki FIN-00020 Nordea FINLAND	J.P. Morgan AG Frankfurt am Main
FRANCE	J.P. Morgan Bank Luxembourg S.A. (for clients contracting with this entity and J.P. Morgan N.A)** European Bank & Business Centre, 6, route de Treves Senningerberg L-2633 LUXEMBOURG  J.P. Morgan Bank (Ireland) PLC (for clients contracting with this entity)** JPMorgan House, International Financial Services Centre Dublin 1 IRELAND  BNP Paribas Securities Services S.C.A. (for clients contracting with J.P. Morgan Suisse) Les Grands Moulins de Pantin 3, rue d'Antin Paris 75002 FRANCE	J.P. Morgan AG Frankfurt am Main
GERMANY	J.P.Morgan AG (for domestic German custody clients only)** Taunustor 1 (TaunusTurm) Frankfurt am Main 60310 GERMANY  Deutsche Bank AG Alfred-Herrhausen-Allee 16-24 Eschborn D-65760 GERMANY	J.P. Morgan AG Frankfurt am Main
GHANA	Standard Chartered Bank Ghana Limited Accra High Street, P.O. Box 768 Accra GHANA	Standard Chartered Bank Ghana Limited Accra
GREECE	HSBC France Athens Branch 109-111, Messogion Ave. Athens 11526 GREECE	J.P. Morgan AG Frankfurt am Main
HONG KONG	JPMorgan Chase Bank, N.A. 48th Floor, One Island East, 18 Westlands Road, Quarry Bay Hong Kong Island HONG KONG	JPMorgan Chase Bank, N.A. Hong Kong
HUNGARY	Deutsche Bank AG Hold utca 27 Budapest H-1054 HUNGARY	ING Bank N.V. Budapest
*ICELAND*	Islandsbanki hf. Kirkjusandur 2 Reykjavik IS-155 ICELAND	Islandsbanki hf. Reykjavik
*RESTRICTED SERVICE ONLY.*		
INDIA	JPMorgan Chase Bank, N.A. 6th Floor, Paradigm B Wing, Mindspace, Malad (West) Mumbai 400 064 INDIA	JPMorgan Chase Bank, N.A. Mumbai
INDONESIA	PT Bank HSBC Indonesia Menara Mulia 25th Floor, Jl. Jendral Gatot Subroto Kav. 9-11 Jakarta 12930 INDONESIA	PT Bank HSBC Indonesia Jakarta

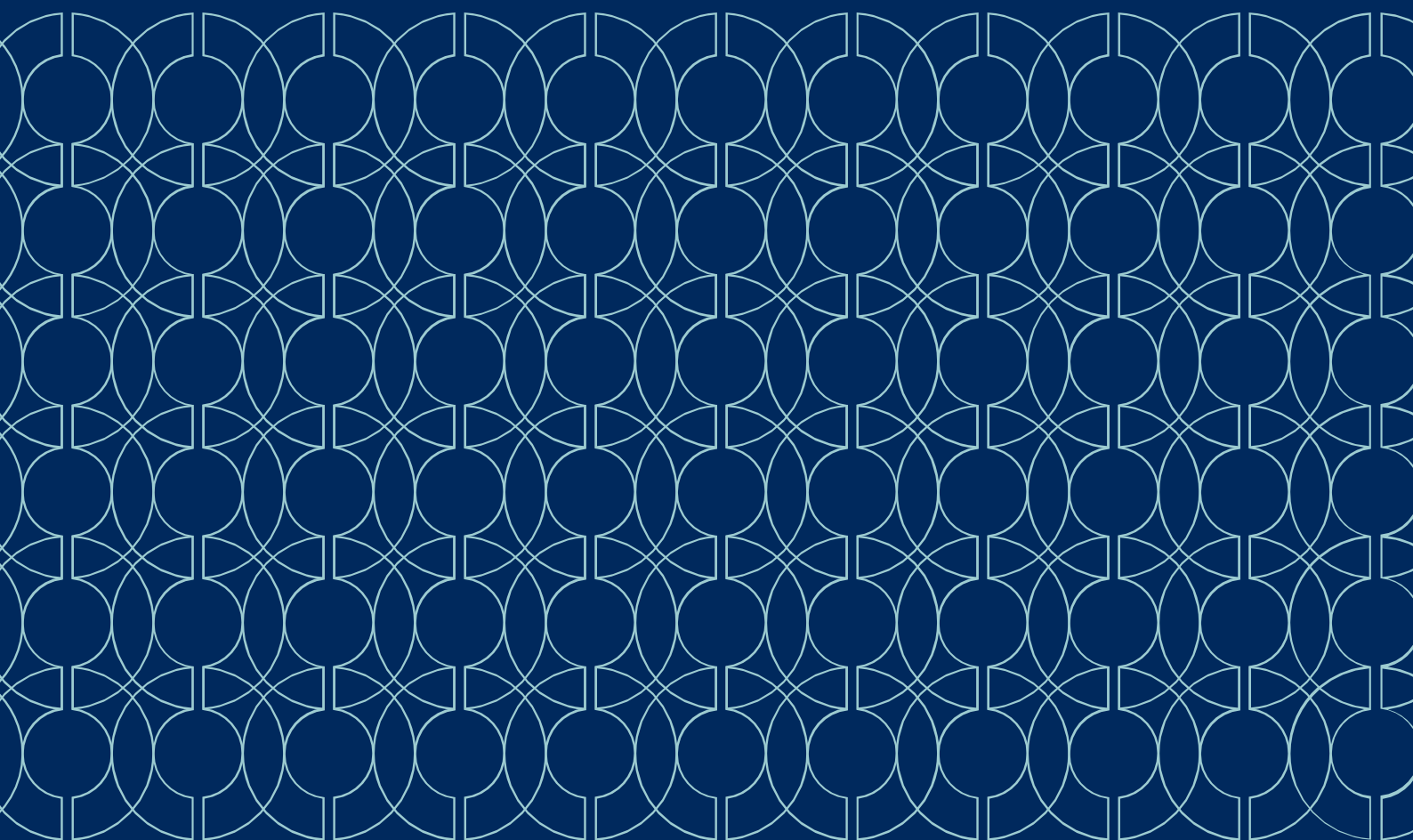
MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
IRELAND	JPMorgan Chase Bank, N.A. 25 Bank Street Canary Wharf London E14 5JP UNITED KINGDOM	J.P. Morgan AG Frankfurt am Main
ISRAEL	Bank Leumi le-Israel B.M. 35, Yehuda Halevi Street Tel Aviv 65136 ISRAEL	Bank Leumi le-Israel B.M. Tel Aviv
ITALY	J.P. Morgan Bank Luxembourg S.A. (for clients contracting with this entity)** European Bank & Business Centre, 6, route de Treves Senningerberg L-2633 LUXEMBOURG  J.P. Morgan Bank (Ireland) PLC (for clients contracting with this entity)** JPMorgan House, International Financial Services Centre Dublin 1 IRELAND  BNP Paribas Securities Services S.C.A. (for clients contracting with J.P. Morgan Chase Bank N.A. and J.P. Morgan Suisse) Piazza Lina Bo Bardi 3 Milan 20124 ITALY	J.P. Morgan AG Frankfurt am Main
JAPAN	Mizuho Bank Ltd. 2-15-1, Konan, Minato-ku Tokyo 108-6009 JAPAN  MUFG Bank, Ltd. 1-3-2 Nihombashi Hongoku-cho, Chuo-ku Tokyo 103-0021 JAPAN	JPMorgan Chase Bank, N.A. Tokyo
JORDAN	Standard Chartered Bank Shmeissani Branch, Al-Thaqafa Street, Building # 2 P.O. BOX 926190 Amman JORDAN	Standard Chartered Bank Amman
KAZAKHSTAN	JSC Citibank Kazakhstan Park Palace, Building A, Floor 2, 41 Kazybek Bi Almaty 050010 KAZAKHSTAN	Subsidiary Bank Sberbank of Russia Joint Stock Company Almaty
KENYA	Standard Chartered Bank Kenya Limited Chiromo, 48 Westlands Road Nairobi 00100 KENYA	Standard Chartered Bank Kenya Limited Nairobi
KUWAIT	HSBC Bank Middle East Limited Kuwait City, Sharq Area Safat 13017 KUWAIT	HSBC Bank Middle East Limited Safat
LATVIA	Swedbank AS Balas dambis 1a Riga LV-1048 LATVIA	J.P. Morgan AG Frankfurt am Main
LITHUANIA	AB SEB Bankas 12 Gedimino pr. Vilnius LT 2600 LITHUANIA	AB SEB Bankas Vilnius J.P. Morgan AG Frankfurt am Main
LUXEMBOURG	BNP Paribas Securities Services S.C.A. 60 Avenue John F. Kennedy Luxembourg L-1855 LUXEMBOURG	J.P. Morgan AG Frankfurt am Main

MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
*MALAWI*	Standard Bank Limited, Malawi 1st Floor Kaomba House, Cnr Glyn Jones Road & Victoria Avenue Blantyre MALAWI	Standard Bank Limited, Malawi Blantyre
*RESTRICTED SERVICE ONLY.*		
MALAYSIA	HSBC Bank Malaysia Berhad 2 Leboh Ampang, 12th Floor, South Tower Kuala Lumpur 50100 MALAYSIA	HSBC Bank Malaysia Berhad Kuala Lumpur
MAURITIUS	The Hongkong and Shanghai Banking Corporation Limited HSBC Centre, 18 Cybercity Ebene MAURITIUS	The Hongkong and Shanghai Banking Corporation Limited Ebene
MEXICO	Banco Nacional de Mexico, S.A. Act. Roberto Medellin No. 800 3er Piso Norte Colonia Santa Fe Mexico, D.F.01210 MEXICO	Banco Santander (Mexico), S.A. Ciudad de Mexico, C.P.
MOROCCO	Société Générale Marocaine de Banques 55 Boulevard Abdelmoumen Casablanca 20100 MOROCCO	Attijariwafa Bank S.A. Casablanca
NAMIBIA	Standard Bank Namibia Limited 2nd Floor, Town Square Building, Corner of Werner List and Post Street Mall, P.O. Box 3327 Windhoek NAMIBIA	The Standard Bank of South Africa Limited Johannesburg
NETHERLANDS	J.P. Morgan Bank Luxembourg S.A. (for clients contracting with this entity and J.P. Morgan N.A.)** European Bank & Business Centre, 6, route de Treves Senningerberg L-2633 LUXEMBOURG  J.P. Morgan Bank (Ireland) PLC (for clients contracting with this entity)** JPMorgan House, International Financial Services Centre Dublin 1 IRELAND  BNP Paribas Securities Services S.C.A. (for clients contracting with J.P. Morgan Suisse) Herengracht 595 Amsterdam 1017 CE NETHERLANDS	J.P. Morgan AG Frankfurt am Main
NEW ZEALAND	JPMorgan Chase Bank, N.A.** Level 13, 2 Hunter Street Wellington 6011 NEW ZEALAND	Westpac Banking Corporation Wellington
NIGERIA	Stanbic IBTC Bank Plc Plot 1712, Idejo Street Victoria Island Lagos NIGERIA	Stanbic IBTC Bank Plc Lagos
NORWAY	Nordea Bank Abp Essendropgate 7, PO Box 1166 Oslo NO-0107 NORWAY	Nordea Bank Abp Oslo
OMAN	HSBC Bank Oman S.A.O.G. 2nd Floor Al Khuwair PO Box 1727 Seeb PC 111 OMAN	HSBC Bank Oman S.A.O.G. Seeb
PAKISTAN	Standard Chartered Bank (Pakistan) Limited P.O. Box 4896, Ismail Ibrahim Chundrigar Road Karachi 74000 PAKISTAN	Standard Chartered Bank (Pakistan) Limited Karachi

MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
PERU	Citibank del Perú S.A. Canaval y Moreryra 480 Piso 3, San Isidro Lima L-27 PERU	Citibank del Perú S.A. Lima
PHILIPPINES	The Hongkong and Shanghai Banking Corporation Limited 7/F HSBC Centre, 3058 Fifth Avenue West, Bonifacio Global City Taguig City 1634 PHILIPPINES	The Hongkong and Shanghai Banking Corporation Limited Taguig City
POLAND	Bank Handlowy w. Warszawie S.A. ul. Senatorska 16 Warsaw 00-923 POLAND	mBank S.A. Warsaw
PORTUGAL	BNP Paribas Securities Services S.C.A. Avenida D.João II, Lote 1.18.01, Bloco B, 7º andar Lisbon 1998-028 PORTUGAL	J.P. Morgan AG Frankfurt am Main
QATAR	HSBC Bank Middle East Limited 2nd Floor, Ali Bin Ali Tower, Building 150, (Airport Road) Doha QATAR	The Commercial Bank (P.Q.S.C.) Doha
ROMANIA	Citibank Europe plc 145 Calea Victoriei, 1st District Bucharest 010072 ROMANIA	ING Bank N.V. Bucharest
RUSSIA	J.P. Morgan Bank International (Limited Liability Company) 10, Butyrsky Val, White Square Business Centre, Floor 12 Moscow 125047 RUSSIA	JPMorgan Chase Bank, N.A. New York
SAUDI ARABIA	J.P. Morgan Saudi Arabia Company (Note: Clients please refer to your issued settlement instructions)** Al Faisaliah Tower, Level 8, P.O. Box 51907 Riyadh 11553 Saudi Arabia  HSBC Saudi Arabia (Note: Clients please refer to your issued settlement instructions) 2/F HSBC Building, 7267 Olaya Street North, Al-Murooj Riyadh 12283-2255 SAUDI ARABIA	The Saudi British Bank Riyadh
SERBIA	Unicredit Bank Srbija a.d. Rajiceva 27-29 Belgrade 11000 SERBIA	Unicredit Bank Srbija a.d. Belgrade
SINGAPORE	DBS Bank Ltd 10 Toh Guan Road, DBS Asia Gateway, Level 04-11 (4B) Singapore 608838 SINGAPORE	Oversea-Chinese Banking Corporation Singapore
SLOVAK REPUBLIC	UniCredit Bank Czech Republic and Slovakia, a.s. Sancova 1/A Bratislava SK-813 33 SLOVAK REPUBLIC	J.P. Morgan AG Frankfurt am Main
SLOVENIA	UniCredit Banka Slovenija d.d. Smartinska 140 Ljubljana SI-1000 SLOVENIA	J.P. Morgan AG Frankfurt am Main
SOUTH AFRICA	FirstRand Bank Limited 1 Mezzanine Floor, 3 First Place, Bank City Cnr Simmonds and Jeppe Streets Johannesburg 2001 SOUTH AFRICA	The Standard Bank of South Africa Limited Johannesburg

MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
SOUTH KOREA	Standard Chartered Bank Korea Limited (Note: Clients please refer to your issued settlement instructions) 47 Jongro, Jongro-Gu Seoul 3160 SOUTH KOREA	Standard Chartered Bank Korea Limited (Note: Clients please refer to your issued settlement instructions) Seoul
	Kookmin Bank Co., Ltd. (Note: Clients please refer to your issued settlement instructions) 84, Namdaemun-ro, Jung-gu Seoul 100-845 SOUTH KOREA	Kookmin Bank Co., Ltd. (Note: Clients please refer to your issued settlement instructions) Seoul
SPAIN	Santander Securities Services, S.A. Parque Empresarial La Finca, Pozuelo de Alarcón Madrid 28223 SPAIN	J.P. Morgan AG Frankfurt am Main
SRI LANKA	The Hongkong and Shanghai Banking Corporation Limited 24 Sir Baron Jayatillaka Mawatha Colombo 1 SRI LANKA	The Hongkong and Shanghai Banking Corporation Limited Colombo
SWEDEN	Nordea Bank Abp Hamngatan 10 Stockholm SE-105 71 SWEDEN	Svenska Handelsbanken Stockholm
SWITZERLAND	UBS Switzerland AG 45 Bahnhofstrasse Zurich 8021 SWITZERLAND	UBS Switzerland AG Zurich
TAIWAN	JPMorgan Chase Bank, N.A. 8th Floor, Cathay Xin Yi Trading Building, No. 108, Section 5, Xin Yi Road Taipei 11047 TAIWAN	JPMorgan Chase Bank, N.A. Taipei
*TANZANIA*	Stanbic Bank Tanzania Limited Stanbic Centre, Corner Kinondoni and A.H. Mwinyi Roads, P.O. Box 72648 Dar es Salaam TANZANIA	Stanbic Bank Tanzania Limited Dar es Salaam
*RESTRICTED SERVICE ONLY.*		
THAILAND	Standard Chartered Bank (Thai) Public Company Limited 14th Floor, Zone B, Sathorn Nakorn Tower, 90 North Sathorn Road Bangrak, Silom, Bangrak Bangkok 10500 THAILAND	Standard Chartered Bank (Thai) Public Company Limited Bangkok
TUNISIA	Banque Internationale Arabe de Tunisie S.A. 70-72 Avenue Habib Bourguiba, P.O. Box 520 Tunis 1000 TUNISIA	Banque Internationale Arabe de Tunisie, S.A. Tunis
TURKEY	Citibank A.S. Inkilap Mah., Yilmaz Plaza, O. Faik Atakan Caddesi No: 3, Umraniye Istanbul 34768 TURKEY	JPMorgan Chase Bank, N.A. Istanbul
UGANDA	Standard Chartered Bank Uganda Limited 5 Speke Road, P.O. Box 7111 Kampala UGANDA	Standard Chartered Bank Uganda Limited Kampala
*UKRAINE*	PJSC Citibank 16-G Dilova Street Kiev 03150 UKRAINE	PJSC Citibank Kiev JPMorgan Chase Bank, N.A. New York
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MARKET	SUBCUSTODIAN	CASH CORRESPONDENT BANK
UNITED ARAB EMIRATES	HSBC Bank Middle East Limited Emaar Square, Level 4, Building No. 5, P.O. Box 502601 Dubai UNITED ARAB EMIRATES	The National Bank of Abu Dhabi Abu Dhabi  JPMorgan Chase Bank, N.A.**
UNITED KINGDOM	JPMorgan Chase Bank, N.A. 25 Bank Street, Canary Wharf London E14 5JP UNITED KINGDOM  Deutsche Bank AG Depository and Clearing Centre 10 Bishops Square London E1 6EG UNITED KINGDOM	JPMorgan Chase Bank, N.A. London
UNITED STATES	JPMorgan Chase Bank, N.A. 4 New York Plaza New York 10004 UNITED STATES	JPMorgan Chase Bank, N.A. New York
URUGUAY	Banco Itaú Uruguay S.A. Zabala 1463 Montevideo 11000 URUGUAY	Banco Itaú Uruguay S.A. Montevideo
VIETNAM	HSBC Bank (Vietnam) Ltd. 106 Nguyen Van Troi Street, Phu Nhuan District Ho Chi Minh City VIETNAM	HSBC Bank (Vietnam) Ltd. Ho Chi Minh City
*WAEMU - BENIN, BURKINA FASO, GUINEA- BISSAU, IVORY COAST, MALI, NIGER, SENEGAL, TOGO*	Standard Chartered Bank Côte d'Ivoire SA 23 Boulevard de la Republique 1 Abidjan 01 B.P. 1141 IVORY COAST	Standard Chartered Bank Côte d'Ivoire SA Abidjan
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ZAMBIA	Standard Chartered Bank Zambia Plc Standard Chartered House, Cairo Road P.O. Box 32238 Lusaka 10101 ZAMBIA	Standard Chartered Bank Zambia Plc Lusaka
*ZIMBABWE*	Stanbic Bank Zimbabwe Limited Stanbic Centre, 3rd Floor, 59 Samora Machel Avenue Harare ZIMBABWE	Stanbic Bank Zimbabwe Limited Harare
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