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IMPORTANT: This letter requires your attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Hong Kong) Limited (“the Manager”) accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Unless otherwise stated herein, capitalised terms in this letter shall have the same meaning(s) as defined in the Explanatory Memorandum of the Schroder Asian Asset Income Fund dated June 2016, as amended and supplemented from time to time (the “**Explanatory Memorandum**”).

8 July 2016

Dear Unitholders

SCHRODER UMBRELLA FUND II - SCHRODER ASIAN ASSET INCOME FUND (the “Sub-Fund”)

We are writing to inform you of the following changes to the Sub-Fund:

(A) Publication of Prices and Suspension Notice

The revised Code on Unit Trusts and Mutual Funds (“**Code**”) has removed the requirement that mandated the use of newspapers to publish the prices and suspension notice.

Accordingly, with immediate effect,

- (a) the net asset value per Unit of the Sub-Fund is published online at www.schroders.com.hk on every Dealing Day; and
- (b) whenever the Manager or the Trustee declares a suspension of the determination of the net asset value of the Sub-Fund it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice online at www.schroders.com.hk that such declaration has been made. For the avoidance of doubt, no Units in the Sub-Fund may be created, issued or redeemed during such a period of suspension.

Investors should note that the above website has not been reviewed by the SFC.

In addition to the above, according to the Trust Deed of the Schroder Umbrella Fund II (the “**Trust Deed**”), the Manager shall be entitled from time to time to make an invitation to the public to apply for Units of any class at a fixed price per Unit of such class equal to the Issue Price per Unit of such class. Units of such class may be issued or sold by the Manager at the fixed price whether pursuant to the public offer or not, provided that during any period in which Units of any class are offered for sale at a fixed price the Manager shall procure that the current issue price per Unit shall be published daily in at least one Hong Kong newspaper. With immediate effect, the current issue price per Unit will no longer be required to be published in at least one Hong Kong newspaper and shall be published in an appropriate manner.

The Trust Deed has been amended by way of a supplemental deed to reflect the above changes.

(B) Change of net asset value per Unit rounding practice

With effect from 8 August 2016, the number of decimal places used when calculating net asset value per Unit of the Sub-Fund will change. Presently, net asset values per Unit are rounded to the nearest two decimal places. With effect from the effective date, net asset values per Unit will be rounded to the nearest four decimal places. A net asset value per Unit with four decimal places will allow you to track the prices movement more accurately.

(C) Investment in China A-shares through Shanghai-Hong Kong Stock Connect

The Manager currently intends to invest not more than 10% of the net asset value of the Sub-Fund in China A-shares, China B-shares and/or securities linked to any of these. With effect from 8 August 2016, investment in China A-shares may be made via the Shanghai-Hong Kong Stock Connect (“**Stock Connect**”).

The Stock Connect is a securities trading and clearing links programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. Investing in China A-shares through the Stock Connect will be subject to certain risks associated with this programme. For instance, the relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund’s ability to invest in China A-shares or access mainland China market through the programme will be adversely affected. In such event, the Sub-Fund’s ability to achieve its investment objective could be negatively affected.

Indirect exposure to China A-shares may also be sought for the Sub-Fund through investment in financial instruments such as China market access products.

The Explanatory Memorandum of the Sub-Fund has been revised to reflect the above changes and other updates and ancillary changes. Please refer to the Explanatory Memorandum for further details.

The Explanatory Memorandum and Product Key Facts Statement are available upon request from the office of the Manager at Level 33, Two Pacific Place, 88 Queensway, Hong Kong and will also be available on Schroders’ website at www.schroders.com.hk. The website has not been reviewed by the SFC.

If you would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

For and on behalf of

Schroder Investment Management (Hong Kong) Limited



Chris Durack
Chief Executive Officer, Hong Kong