

IMPORTANT: This letter is important and requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Hong Kong) Limited being the manager of the Fund and the Sub-Funds accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of our 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 ("**Explanatory Memorandum**") of each Sub-Fund.

26 April 2023

Dear Unitholder,

Schroder Umbrella Fund II ("Fund")

- **Schroder Asian Asset Income Fund**
- **Schroder China Asset Income Fund**
- **Schroder China Equity Alpha Fund**
- **Schroder China Fixed Income Fund**
- **Schroder Global Multi-Asset Thematic Fund** (each a "**Sub-Fund**", collectively, "**Sub-Funds**")

We are writing to inform you of certain changes relating to the Fund and the Sub-Funds, which are summarised below.

A. Changes in Investment Policy of Schroder China Asset Income Fund

In this section A, "Sub-Fund" shall mean the Schroder China Asset Income Fund.

1. Change in Investment Policy (1) – Investment in China and China-related companies

The Sub-Fund seeks to achieve its investment objectives by investing primarily in equity and fixed income securities of "China and China related companies", which refer to companies which are headquartered and/or listed in or have a substantial business exposure to mainland China. With effect from 29 May 2023 (the "**Effective Date**"), the investment policy of the Sub-Fund will be amended such that reference to "China and China related companies" will be broadened to include companies which are headquartered and/or listed in or have a substantial business exposure to Hong Kong and Macau. The relevant amendments to the investment policy are set out below (amendments are shown as underlined):

“China and China related companies refer to companies which are headquartered and/or listed in or have a substantial business exposure to mainland China, Hong Kong and Macau.”

The change in the investment policy as set out above is intended to broaden the investment universe of the Sub-Fund to provide additional flexibility to the Manager in selecting investments for the Sub-Fund.

2. Change in Investment Policy (2) – Investment in China A-Shares

It is currently disclosed in the Explanatory Memorandum that the Sub-Fund may invest no more than 10% of its net asset value indirectly in China A-Shares through financial instruments such as China market access products. With effect from the Effective Date, such limit of investment through financial instruments such as China market access products will be removed and the Sub-Fund’s direct and indirect investment exposure to China A-Shares and China B-Shares will continue to be subject to an overall limit of less than 50% of its net asset value. The amendments to the investment policy are set out below (amendments are shown as marked and underlined):

“The Sub-Fund’s direct and indirect exposure to China A-Shares and China B-Shares will be less than 50% of its net asset value. ~~However, the Sub-Fund may invest no more than 10% of its net asset value indirectly in China A-Shares through financial instruments such as China market access products.~~ The Sub-Fund may invest less than 50% of its net asset value directly in China A-Shares directly through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the “Stock Connect”) or indirectly through, including but not limited to, China market access products, investment funds and ETFs ~~(as further described in the section under the heading “Stock Connect” below).~~”

For the avoidance of doubt, the Sub-Fund’s direct and indirect exposure to China A-Shares and China B-Shares will remain unchanged at less than 50% of its net asset value.

Implication of Change

With effect from the Effective Date, the Sub-Fund will be managed in accordance with the revised investment policy as set out above.

Save as described in this Section A and subject to as disclosed in Section B below, all other key features of the Sub-Fund, the operation of the Sub-Fund and/or manner in which the Sub-Fund is being managed, will remain unchanged. It is expected that the changes to the investment policy of the Sub-Fund will have no material impact on its risk profile. There is also no change in the fee level and fee structure of the Sub-Fund. As such, the changes as described in this Section A will not result in any material prejudice to or other effects on the rights or interests of unitholders of the Sub-Fund.

The fees and costs incurred in connection with the changes described in this Section A, including amendments to the Explanatory Memorandum and Product Key Facts Statement of the Sub-Fund, are estimated to be HK\$120,000 and will be borne by the Sub-Fund.

Unitholders are not required to take any action in respect of the changes in this Section A. Unitholders of the Sub-Fund may nevertheless elect to redeem or switch out from the Sub-Fund to other unit trusts or mutual funds offered by the Manager and generally available to investors for switching in, before the Effective Date free of any redemption charge and initial charge in

accordance with the procedures provided in the Explanatory Memorandum of the relevant Sub-Fund.

B. Other changes to the Fund and the Sub-Funds

1. Dilution adjustment

The Manager may apply “dilution adjustment” as part of its daily valuation policy in order to counter dilution and to protect unitholders’ interest. This means that in certain circumstances the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) will make adjustments in the calculations of the net asset value per Unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant. Currently, the amount of the dilution adjustment can vary over time but will not exceed 2% of the net asset value per Unit of the relevant Sub-Fund on the relevant Valuation Day and no notice is required to be given to unitholders for such dilution adjustment.

To enhance the flexibility for dilution adjustment, during circumstances which the Manager may deem as extraordinary market circumstances or significant unexpected changes in general market conditions (including but not limited to high market volatility, illiquidity in the markets, disruption of markets or slowdown of the economy caused by terrorist attack or war (or other hostilities), a serious pandemic, or a natural disaster (such as a hurricane or a super typhoon)), the Manager may, in consultation with the Trustee, temporarily increase the dilution adjustment beyond 2% of the net asset value per Unit of the Sub-Fund. Any such increase shall be posted online at the website: www.schroders.com.hk¹ or notified to the unitholders in such manner as the Manager and Trustee may agree. This change will take effect from 26 April 2023 and the trust deed of the Fund (“**Trust Deed**”) has been amended to give effect to this change.

2. Subscription and redemption procedures

Please note that instructions for subscription and redemption of Units in the Sub-Funds can also be submitted by post or by facsimile to the Service Provider of the Sub-Funds, The Hongkong and Shanghai Banking Corporation Limited. The Manager will continue to receive applications for subscription and redemption of Units in the Sub-Funds by post, but applications by facsimile should be made to the Service Provider only.

3. Other miscellaneous updates to the Trust Deed

The Trust Deed has also been amended to more clearly set out the Manager’s authority to enter into derivative transactions on behalf of the Sub-Funds.

Implication of Change

Save as described in this Section B and subject to as disclosed in Section A above, all other key features of the Sub-Funds, including fee level, fee structure and risk profile, remain unchanged, and there is no change in the operation of the Sub-Funds and/or manner in which the Sub-Funds are being managed. The changes described above will not result in any material prejudice or other effects on the rights or interests of unitholders of the Sub-Funds.

¹ This website has not been reviewed by the SFC.

Unitholders are not required to take any action in respect of the changes in this Section B.

C. Availability of documents

To reflect the changes described above, the offering documents of the Fund and the Sub-Funds will be amended on or after the Effective Date.

Copies of the latest Explanatory Memorandum and Product Key Facts Statement of each Sub-Fund will be available at our website (www.schroders.com.hk²) or upon request from our office (Level 33, Two Pacific Place, 88 Queensway, Hong Kong) free of charge.

Copies of the Trust Deed, as amended, may be obtained from the Manager at a cost of HK\$300 each and may be inspected during normal working hours at the offices of the Manager and the Trustee free of charge.

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

Schroder Investment Management (Hong Kong) Limited

² This website has not been reviewed by the SFC.