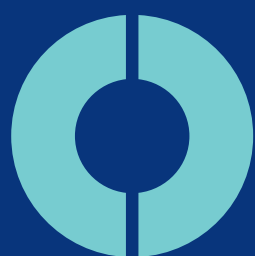


Schroders



Schroder Specialist Value UK Equity Fund

Proposal for changes to the name and the
investment objective and policy of Schroder
Specialist Value UK Equity Fund

This document is important and requires your
immediate attention



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If there is anything in this document that you do not understand or if you are in any doubt as to what action to take, you should consult your professional adviser.

Notice of a meeting (the Meeting) of Unitholders of Schroder Specialist Value UK Equity Fund is set out at the end of this document. The Meeting is to be held at 9:00 a.m. on 7 February 2018 at 31 Gresham Street, London EC2V 7QA.

Please complete the enclosed form of proxy in accordance with the instructions printed on it, and return it in the prepaid envelope provided, to arrive no later than 9:00 a.m. on 31 January 2018.

Copies of this document can be obtained from us by contacting David Connell, Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA (Tel: 020 7658 4711) or can be downloaded direct from our website www.schroders.com/en/uk/adviser/fund-centre/changes-to-funds/.

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Expected timetable for the proposed changes

Despatch circular to Unitholders	15 December 2017
Last date and time for receipt of forms of proxy	9.00 a.m. on 31 January 2018
Meeting of Unitholders	9:00 a.m. on 7 February 2018
<i>If the Extraordinary Resolution is passed</i>	
Effective Date and Time	12:01 a.m. on 14 February 2018

Glossary of terms

Terms shall be as defined below or as otherwise defined in the prospectus of the Schroder Specialist Value UK Equity Fund

COLL	the Collective Investment Schemes Sourcebook, as amended from time to time and forming part of the FCA Rules;
Effective Date	14 February 2018, provided that Unitholder approval is obtained at the Meeting, or if such approval is not achieved then the date of any Unitholder approval at any subsequent reconvened Unitholder meeting, or such subsequent date and time as may be agreed in writing between the Trustee and the Manager;
Effective Time	12:01 a.m. on the Effective Date;
Extraordinary Resolution	an extraordinary resolution of the Unitholders required to approve the changes set out in this circular;
FCA	the Financial Conduct Authority;
FCA Rules	the FCA's Handbook of Rules and Guidance;
Fund	Schroder Specialist Value UK Equity Fund;
Investment Manager	Schroder Investment Management Limited;
Manager	Schroder Unit Trusts Limited, as the manager of the Fund;
Meeting	the Extraordinary General Meeting of Unitholders at which the Extraordinary Resolution will be considered;
Proposal	the proposal to change the name and the investment objective and policy of the Fund;
Responsible Investment Policy	a policy established by the Investment Manager which sets out social, environmental and responsible criteria for investing in companies as set out in Appendix 2;
Trustee	J.P. Morgan Europe Limited;
Unit	a unit in the Fund; and
Unitholder	a holder of Units in the Fund.

Schroder Unit Trusts Limited
Registered No. 4191730

31 Gresham Street
London
EC2V 7QA

Telephone: 0800 718 777
Fax: 0870 043 4080

Authorised and regulated by the FCA

15 December 2017

To the Unitholders of Schroder Specialist Value UK Equity Fund

Dear Unitholder

Proposal to change the name and the investment objective and policy of Schroder Specialist Value UK Equity Fund (the Fund)

We are writing to inform you of our Proposal to make certain changes to the Fund as detailed below. These amendments require the approval of Unitholders and you will be asked to approve them at the Meeting of Unitholders to be held at 31 Gresham Street, London EC2V 7QA at 9:00 am on 7 February 2018.

The proposed changes are:

- i. to amend the Fund's investment objective and policy, and to change the Fund's benchmark from the FTSE All-Share Index to a custom responsibly-screened FTSE All-Share Index; and**
- ii. to change the Fund's name to Schroder Responsible Value UK Equity Fund.**

If these changes are approved by the required majority of Unitholders at this Meeting, they will be effective from 14 February 2018 (the Effective Date).

If you are a Unitholder seven days before the date of this Notice, and remain a Unitholder at the time of the relevant Meeting, you will be entitled to vote at the Meeting either in person or by proxy. Whether or not you intend to be present at the Meeting in person, please complete the enclosed form of proxy and post it, in the prepaid envelope provided, to Schroders. Return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In these circumstances, your form of proxy will be set aside and you should, if you wish, cast your votes when the poll is taken.

Please consider the Proposal carefully and return the enclosed form of proxy to us to arrive no later than 9:00 a.m. on 31 January 2018.

The Notice convening the Meeting of Unitholders is set out in Appendix 3. Subject to the passing of the Extraordinary Resolution, the current Prospectus of the Fund will be amended and reissued.

The cost of the changes is detailed in Section 2 below entitled "Costs and expenses".

1. Proposed changes

a. Investment Objective and Policy

The current and proposed investment objective and policy are set out in Appendix 1. The Fund's investment objective and policy seeks to achieve capital growth and income primarily through investment in UK companies of any market capitalisation. The Fund is managed with a value investment approach and invests in companies which have strong balance sheets and resilient earnings, but whose share prices are perceived as being low relative to their long-term profit potential. The Fund's benchmark is the FTSE All-Share index.

The sole investment change will be the introduction of a responsibly-managed screen; this vets companies against certain responsible investment standards. In respect of the Fund, we propose to use the standards set out in the Fund's Responsible Investment Policy (details of which are set out in Appendix 2), with the Fund adopting the responsibly-screened FTSE All-Share index as its benchmark. The introduction of this screen will have no effect on the value investment process or the risk profile of the Fund.

The Responsible Investment Policy applies investment restrictions on companies involved in military products and services, non-military firearms, pornography, tobacco, gambling, alcoholic drinks, high interest rate lending and human embryonic cloning.

The Fund already fully integrates environmental, social and corporate governance factors (ESG) into its investment process which includes analysis of companies' treatment of customers, suppliers and the environment. The Fund's investment team actively engages with companies on these matters and others believed to be pertinent to the performance of the Fund's investments, such as capital allocation and strategic decision making.

We believe that there is significant demand for a responsibly-screened value fund and the proposed changes to the Fund's name, benchmark and investment objective and policy will build on the current strategy's established characteristics.

The change to the investment objective and policy is not expected to lead to significant alterations to the Fund's portfolio of holdings and the Fund will continue to focus on undervalued companies. If the Responsible Investment Policy was applied to the Fund's current holdings and the FTSE All-Share index today, it would remove just 3% of assets in the Fund and 11% of the index by weight.

To enhance Unitholder understanding we have also added to the investment objective and policy a reference to the Fund holding a concentrated portfolio which is typically between 30 to 50 companies.

If the changes to the Fund's objective and policy are approved at the meeting on 7 February 2018 we will amend the investment objective and policy of the Fund and responsibly screen the FTSE All-Share index.

b. Change in the name of the Fund

It is proposed that the Fund's name be changed from Schroder Specialist Value UK Equity Fund to Schroder Responsible Value UK Equity Fund. The change of name reflects the change in the investment objective and policy of the Fund.

2. Costs and expenses

The costs and expenses of the proposed changes including the costs of restructuring the Fund's portfolio of investments, and convening and holding the Unitholder Meeting will be paid by Schroder Unit Trusts Limited.

3. Consents and approvals

The Trustee has confirmed in writing to the Manager that whilst neither making recommendations nor offering any opinion on the fairness or merits of the proposed changes (which are matters for each Unitholder to decide), it consents to the references to it in this letter and the attached notice in the form and context in which they appear.

Implementation of the proposed changes is conditional upon passing of the Extraordinary Resolution. The FCA has confirmed that, subject to the passing of the Extraordinary Resolution, the changes in the Proposal will not affect the ongoing authorisation of the Fund.

4. Procedure

The Notice convening the Meeting of Unitholders in the Fund appears in Appendix 3 and sets out the proposed Extraordinary Resolution.

Quorum and voting requirements

To be passed, the Extraordinary Resolution requires a majority in favour of not less than 75% of the total number of votes validly cast at the Meeting, so it is important that you exercise your right to vote. The quorum for the Meeting is two Unitholders present in person or by proxy or in the case of a corporation by a duly authorised representative.

If a quorum is not present within 15 minutes after the time appointed for the start of the Meeting, the Meeting will be adjourned to a date not less than seven days following the Meeting. If the Meeting is adjourned and the Extraordinary Resolution is passed at the adjourned meeting the Effective Date will be seven days after the date of that Meeting. Notice will be given of the adjourned Meeting and, at that Meeting; two Unitholders present in person or by proxy are required to constitute a quorum. However, this may be reduced to one Unitholder if a quorum is not present after a reasonable time. In the event of an adjourned Meeting and unless instructions are received, forms of proxy received or duly authorised representatives appointed (as applicable) in respect of the first Meeting will remain valid for the adjourned Meeting.

The resolution will be proposed as an Extraordinary Resolution and must therefore be carried by a majority in favour of not less than 75% of the total number of votes validly cast at the Meeting. Persons who are Unitholders on the date seven days before the Notice is sent out, but excluding persons who are not Unitholders at the time of the relevant Meeting, are entitled to vote. Once passed, the Extraordinary Resolution is binding on all Unitholders in the Fund whether or not they have voted and if they have voted whether or not they have voted in favour of such Extraordinary Resolution, and shall be carried into effect accordingly.

In view of the importance of the Proposal, the Chairman of the Meeting will call for a poll to be taken in respect of the Extraordinary Resolution. On a poll, the voting rights for each Unit are the proportion of the voting rights attached to all of the Units in issue on the date seven days before the notice of the Meeting was sent out. A Unitholder is entitled to more than one vote on a poll and need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Joint Holders

In the case of joint Unitholders, the vote of the senior Unitholder on the register who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of any other joint Unitholders. Seniority is determined by the order in which the names stand on the register of Unitholders.

The Manager

The Manager is entitled to attend the Meeting but shall not be entitled to vote or be counted in a

quorum at the Meeting, nor any adjournment. If the registered holder of any Units is an associate of the Manager, that associate will only be entitled to exercise the voting rights in respect of those Units if they are held by it jointly with or on behalf of a person who, if he himself was the sole registered Unitholder, would be entitled to vote, and from whom voting instructions have been received. Such associates of the Manager holding Units are entitled to be counted in a quorum.

The Chairman

The Trustee has nominated Paul Truscott or, failing him, Mike Champion, to be Chairman of the Meeting and at any adjourned Meeting. These nominees have indicated that, in view of the importance of the proposed Extraordinary Resolution, they will demand that a poll be taken.

The procedure for the Meeting to approve the proposed changes, and details of the various consents and a list of the documents relating to the Proposal which are available for inspection, are set out below.

5. Documents available for inspection

Copies of the following documents are available for inspection at our offices at 31 Gresham Street, London EC2V 7QA during normal business hours on weekdays (excluding bank holidays) until the date of the Meeting or of any adjournment thereof:

- a. the Fund's Trust Deed and Prospectus and the revised draft Supplemental Trust Deed and Prospectus incorporating the proposed changes;
- b. the Fund's Key investor information document (KIID) for each Unit class and revised draft KIIDs which incorporate the proposed changes;
- c. the latest interim and annual report and accounts for the Fund; and
- d. the FCA's Collective Investment Schemes Sourcebook.

6. Recommendation and action to be taken

We believe that the proposed changes to the Fund's name, benchmark and investment objective and policy will afford investors the benefits of responsible value investing and we recommend that you vote in favour of the Proposal. If the proposed changes are not approved by Unitholders of the Fund it will continue to be managed in its current form. Please note, however, that in these circumstances it is likely that we will review the ongoing position of the Fund in our wider fund range and this may lead to us proposing further changes in due course.

Before you make your decision, we recommend that you read the rest of this Proposal and, in particular, Appendix 3 which contains the Notice of Meeting of Unitholders.

The results of the vote will be published on 7 February 2018 on our website at www.schroders.com/en/uk/adviser/fund-centre/changes-to-funds/.

If you are unclear about any information provided or have any questions concerning the Proposal, please contact your usual contact at Schroders or Andrew Williams on 020 7658 4431. For your security and to improve the quality of our service, calls may be recorded. Please be aware that we are not able to give you investment advice on the proposed changes. If you are uncertain as to how to respond to this document, you should consult your professional adviser.

Whether or not you intend to be present at the Meeting **please complete and return the enclosed form of proxy in the prepaid envelope provided to Schroders. It must arrive on or before 9:00 a.m. on 31 January 2018.** Return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In these circumstances, your form of proxy will be set aside and you should, if you wish, cast your votes when the poll is taken.

Yours faithfully



James Rainbow
Director
Schroder Unit Trusts Limited

Appendix 1

Comparison of the existing and the proposed investment objective policy of the fund

Current Objective and Policy

Investment Objective

The Fund's investment objective is to achieve capital growth and income primarily through investment in UK companies.

The emphasis of the Fund will be investment in UK companies that the Investment Adviser believes are undervalued relative to the market.

The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits, collective investment schemes, warrants and money market instruments.

Proposed Objective and Policy

Investment Objective

The Fund aims to provide capital growth and income by investing in equity and equity related securities of UK companies.

Investment Policy

The Fund invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 30 to 50 companies.

The Fund follows a responsible investment approach by using the Schroder Responsible Value UK Equity Fund Responsible Investment Policy, a process by which companies are vetted against certain responsible standards. The Responsible Investment Policy applies investment restrictions on companies involved in military products and services, non-military firearms, pornography, tobacco, gambling, alcoholic drinks, high interest rate lending and human embryonic cloning.

The Investment Manager also assesses companies on their environmental and social impact as well as the strength of their corporate governance.

The Fund focuses on companies that have certain "Value" characteristics. Value is assessed by looking at indicators such as cash flows, dividends and earnings to identify securities which the manager believes have been undervalued by the market.

The Fund may also invest in collective investment schemes, fixed and floating rate securities, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

Appendix 2

Schroder Responsible Value UK Equity Fund - Responsible Investment Policy

The Responsible Investment Policy screen excludes:

- any company involved in indiscriminate weaponry.
- any company involved in conventional weapons if their strategic military supplies exceed 10% of turnover.
- any company that derives more than 3% of revenues from the production or distribution of pornography.
- any company, a major part of whose business activity or focus (defined as more than 10% of group revenues) is tobacco, gambling, non-military firearms, high interest rate lending or human embryonic cloning.
- companies that derive more than 10% of revenue from tar sands or thermal coal.

Companies deriving more than 5% of their revenues from alcoholic drinks are only eligible for investment if they meet industry standards for responsible marketing and retailing.

The Responsible Investment Policy expects investable companies to maintain sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice.

Appendix 3

Notice of meeting of unitholders

Schroder Specialist Value UK Equity Fund

NOTICE IS HEREBY GIVEN that a meeting of the Unitholders in Schroder Specialist Value UK Equity Fund (the Fund) will be held at 31 Gresham Street, London, EC2V 7QA on 7 February 2018 at 9:00 a.m. to consider and, if thought fit, to pass the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

That:

- a. the changes to the Fund set out in the Proposal letter dated 15 December 2017 from Schroder Unit Trusts Limited (the Manager) to the Unitholders of the Fund, be and are hereby approved; and
- b. the Manager and J.P. Morgan Europe Limited are hereby authorised and directed to do all things necessary to effect the Proposal and in connection therewith to make such amendments to the Trust Deed and Prospectus of the Fund as they deem necessary to implement the changes approved in this Extraordinary Resolution.

Notes

1. A Unitholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Unitholder.
2. To be valid, a form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged with Schroders, no later than 9:00 a.m. on 31 January 2018. A form of proxy is enclosed.
3. The quorum for the meeting is two Unitholders present in person or by proxy. The Manager may not vote or be counted in the quorum except in any case where the Manager holds Units on behalf of or jointly with a person who, if himself the sole registered Unitholder, would be entitled to vote, and from whom the Manager has received voting instructions.
4. To be passed, an Extraordinary Resolution must be carried by a majority in favour of not less than 75% of the total number of votes validly cast at the meeting.
5. At the meeting the vote will be taken by poll. On a poll, the voting rights for each Unit are the proportion of the voting rights attached to all of the Units in issue on the date seven days before the notice of the meeting was sent out. A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all votes he uses in the same way.



James Rainbow
Director
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EST. 1804

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