

Schroder Multi-Manager High Alpha Fund

Proposal for the Scheme of Arrangement for the merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund

This document is important and requires your immediate attention



Schroders

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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 of Unitholders of the Schroder Multi-Manager High Alpha Fund is set out at the end of this document. The meeting is to be held at 9:00 a.m. on 17 October 2014 at 31 Gresham Street, London EC2V 7QA.

You are requested to complete and return the enclosed form of proxy in accordance with the instructions printed on it, in the prepaid envelope provided, to arrive no later than 9:00 a.m. on 15 October 2014.

Copies of this document may be obtained from us by contacting Schroder Investor Services, PO Box 1102, Chelmsford CM99 2XX (Tel: 0800 718 777 Fax: 0870 043 4080) or can be downloaded direct from our website www.schroders.co.uk/fundchanges.

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Glossary of terms

Defined terms shall be as defined below or otherwise as defined in the prospectus of the Schroder Multi-Manager High Alpha Fund.

COLL	the Collective Investment Schemes Sourcebook, as amended from time to time and forming part of the FCA Rules;
Effective Date	24 October 2014, assuming Unitholder approval is obtained at the meeting of Unitholders in the Schroder Multi-Manager High Alpha Fund, 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 pm on the Effective Date;
Extraordinary Resolution	an extraordinary resolution of the Unitholders in the Schroder Multi-Manager High Alpha Fund required to approve the implementation of the Scheme;
FCA	the Financial Conduct Authority;
FCA Rules	the FCA's Handbook of Rules and Guidance;
Merging Fund	Schroder Multi-Manager High Alpha Fund;
Manager	Schroder Unit Trusts Limited, as manager of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund;
New Units	new units in the Schroder MM Diversity Tactical Fund to be issued following implementation of the merger of the Schroder Multi-Manager High Alpha Fund under the Scheme;
Receiving Fund	Schroder MM Diversity Tactical Fund
Non-UCITS Retail Scheme	an FCA authorised fund which is not a UCITS scheme;
Retained Amount	a sum estimated by the Manager after consultation with the Trustee, to be necessary to meet all the actual and contingent liabilities of the Schroder Multi-Manager High Alpha Fund and which is to be retained by the Trustee as attributable to the Schroder Multi-Manager High Alpha Fund for the purpose of discharging such liabilities;
Scheme or Scheme of Arrangement	the scheme of arrangement for the merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund as set out in Appendix 3 to this document;
Schroder Multi-Manager High Alpha Fund Value	the value of the property of the Schroder Multi-Manager High Alpha Fund (excluding the income and the Retained Amount);

Schroder MM Diversity Tactical Fund Value	the value of the property of the Schroder MM Diversity Tactical Fund calculated on a mid-market basis, in accordance with COLL and the Trust Deed as at 12:00 noon on the Effective Date;
Trustee	J.P. Morgan Europe Limited, as trustee of Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund;
UCITS	an “undertaking for collective investment in transferable securities” within the meaning of points a) and b) of Article 1(2) of the UCITS IV Directive;
Unit	a unit in the Schroder Multi-Manager High Alpha Fund;
Unitholder	a holder of Units in the Schroder Multi-Manager High Alpha Fund.

Expected Timetable for the Proposed Merger

Despatch circular to Unitholders	26 September 2014
Last day which valid instruction to buy Units in the Schroder MM High Alpha Fund may be received	12:00 noon on 26 September 2014
Last date and time for receipt of forms of proxy	9:00 a.m. on 15 October 2014
Meeting of Unitholders	9:00 a.m. on 17 October 2014

If the Extraordinary Resolution is passed:

Last day which valid instruction to sell Units in the Schroder Multi-Manager High Alpha Fund may be received	by 12:00 noon on 22 October 2014
Last dealing of Units in the Schroder Multi-Manager High Alpha Fund	12:00 noon on 22 October 2014
Valuation of the assets of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund	12:00 noon on 24 October 2014
Effective Date and time of merger	12:01 p.m. on 24 October 2014
First dealing of New Units in the Schroder MM Diversity Tactical Fund	27 October 2014

Schroder Unit Trusts Limited

Registered No. 04191730
31 Gresham Street
London
EC2V 7QA

Telephone: 0800 718 777 Fax: 0870 043 4080

Authorised and regulated by the Financial Conduct Authority (FCA).

26 September 2014

To the Unitholders of the Schroder Multi-Manager High Alpha Fund

Dear Unitholder

Proposed Scheme of Arrangement relating to the merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund

We, Schroder Unit Trusts Limited, are writing to you as the Manager of the Schroder Multi-Manager High Alpha Fund to inform you of a proposal to merge the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund by way of a Scheme of Arrangement. Both funds are FCA authorised unit trusts being non-UCITS retail schemes. You will have the opportunity to vote on the proposal.

This letter explains the reason for, and the details of, the proposed Scheme of Arrangement. The Scheme of Arrangement requires the approval of an Extraordinary Resolution passed at an extraordinary general meeting of the Unitholders of the Schroder Multi-Manager High Alpha Fund to be held on 17 October 2014 at 31 Gresham Street, London, EC2V 7QA. If you are a Unitholder on 26 September 2014 you will be entitled to vote at this meeting either in person or by completing the enclosed form of proxy and posting it to Schroder Administration Centre, DST, 15 Rolling Mill Road, Jarrow, NE32 3DE, whether or not you intend to be present at the meeting. Please consider the proposal carefully and return the enclosed form of proxy to us no later than 48 hours before the time of the meeting.

A summary of the Scheme of Arrangement by which the merger will be effected is set out in Appendix 3 to this letter. The Notice convening the extraordinary general meeting of Unitholders in the Schroder Multi-Manager High Alpha Fund is set out in Appendix 5.

The costs of the Scheme of Arrangement (except as described in Section 7 below entitled “Costs and expenses”) will be borne by us and will not be charged to the Schroder Multi-Manager High Alpha Fund or the Schroder MM Diversity Tactical Fund.

1. Reasons for the proposed merger

Schroders Group plc (of which we are a wholly owned subsidiary) acquired Cazenove Capital Holdings Limited (Cazenove Capital) in July 2013 and in March 2014 the Cazenove Capital UK fund range was integrated into Schroders' fund range. We noted at this time that we were looking to simplify the amalgamated range through merging some of the funds. Following a review of our funds we have now decided that the Schroder Multi-Manager High Alpha Fund should be merged by way of a Scheme of Arrangement into the Schroder MM Diversity Tactical Fund. In particular, the net asset value of the Schroder Multi-Manager High Alpha Fund has fallen to a level where it is no longer commercially viable, given the level of fixed costs payable out of its assets. Moreover, we think that it is unlikely that the net asset value of the Schroder Multi-Manager High Alpha Fund will in the foreseeable future increase to a size which makes it economic.

We consider that the merging of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund is in the interest of Unitholders of the Fund. The merging of the Schroder Multi-Manager High Alpha Fund will provide Unitholders with the benefit of lower annual management charges on A class and Z class Units (as set out below under "Unit Classes") and, more generally, there will be economies of scale brought about through the management of a larger pool of assets. The net asset value of the combined portfolios will be approximately £153 million and, consequently, we believe there will be a reduction in expenses. In particular, we anticipate that the merger may lead to a lower ongoing charge from which Unitholders in the Schroder Multi-Manager High Alpha Fund will benefit. A comparison of the relative ongoing charge rates can be found in Appendix 1.

If the Scheme of Arrangement is approved, Unitholders in the Schroder Multi-Manager High Alpha Fund will receive New Units of the same class and type in the Schroder MM Diversity Tactical Fund.

2. Comparisons of fund structures and each fund's investment objective and policy

The legal structures of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund are the same. Both funds are FCA authorised unit trusts and for the purpose of COLL are non-UCITS retail schemes and they both primarily invest in collective investment schemes.

Investment Objective and Policy

Both the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund invest in a diversified multi-asset portfolio of funds that invest in shares and bonds of companies in the UK and worldwide, government bonds, other fixed income securities and alternative assets. The Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund seek long term capital appreciation. The Schroder MM Diversity Tactical Fund follows a tactical asset allocation approach whereby it seeks to increase returns and reduce downside risk by making tactical adjustments to its portfolio of funds based on the fund manager's view on market conditions.

The investment objective and policy for each fund can be found in Appendix 1, along with other relevant information, including each fund's current distribution yield, ongoing charges and cumulative performance over 1, 3 and 5 years. For full details of the Schroder Multi-Manager High Alpha Fund please refer to the Schroder Intermediary fund prospectus and for the Schroder MM Diversity Tactical Fund please refer to the Schroder Multi-Manager fund prospectus, both of which are available at www.schroders.co.uk.

Unit classes

Both the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund have A class accumulation and income Units, Z class accumulation and income Units and S class accumulation Units. If the Scheme of Arrangement is approved holders of the A

¹ongoing charges' are payments deducted from the assets of a fund and included the annual management charge, trustee fees, and fund accounting costs. The ongoing charge figure is based on the annual total of all such payments and is expressed as a percentage of total assets of the relevant unit class.

class Units, Z class Units and S class Units in the Schroder Multi-Manager High Alpha Fund will receive New Units of the same class and type in Schroder MM Diversity Tactical Fund on the Effective Date.

Holders of A class Units and Z class Units in the Schroder Multi-Manager High Alpha Fund will benefit from the lower annual management charge if the Scheme of Arrangement is effected. Holders of these Units currently pay an annual management charge of 1.50 per cent and 0.75 per cent respectively. Holders of A class and Z class units in the Schroder MM Diversity Tactical Fund currently pay an annual management charge of 1.0 per cent and 0.50 per cent respectively. There is no initial charge on the purchase of units in the Schroder MM Diversity Tactical Fund. A comparison of the annual management charges for each unit class and each fund can be found in Appendix 1.

3. Accounting dates and income allocation

The Schroder Multi-Manager High Alpha Fund has different accounting and distribution dates to the Schroder MM Diversity Tactical Fund. A comparison of the dates is set out in Appendix 1.

The annual accounting period of the Schroder Multi-Manager High Alpha Fund currently ends on 15 March in each year and the interim accounting period ends on 15 September. The annual accounting period of the Schroder MM Diversity Tactical Fund currently ends on 28 February in each year and the interim accounting period ends on 31 August.

After the merger, the first annual accounting date in respect of the Schroder MM Diversity Tactical Fund will be 28 February 2015 and the first interim report and accounts will be issued in April 2015.

In order to simplify the merger process, the current accounting period will end at 12:00 noon on the Effective Date and an additional distribution will take place. This means that any income from the end of the previous accounting period to the Effective date will be stripped out prior to the merger taking effect. Income for this period will be allocated in respect of income Units and distributed

within two months of the Effective Date. For accumulation Units the income will be transferred to the capital account and reflected in the value of the accumulation units to be issued in the Schroder MM Diversity Tactical Fund.

Any income paid to holders of both income and accumulation Units in the Schroder Multi-Manager High Alpha Fund will be within the charge to UK taxation and as such will be subject to UK tax.

Following the merger, the Trustee shall proceed to wind-up the Schroder Multi-Manager High Alpha Fund in accordance with the terms of its prospectus, the trust deed and the COLL Sourcebook. Termination accounts will be available on request.

If on completion of the Fund's termination there is surplus cash, it will be transferred to the Schroder MM Diversity Tactical Fund or be paid by the Manager. No further distribution or issue of units shall be made as a result. If there is a shortfall then this will be paid out of the Schroder MM Diversity Tactical Fund or by Schroder Unit Trusts Limited.

4. Tax implications

Capital Gains Tax

Based on our understanding of current UK tax law applicable to UK resident tax payers and assuming that the tax clearance we have applied for from HM Revenue & Customs is granted, the exchange of units in the Schroder Multi-Manager High Alpha Fund for New Units in the Schroder MM Diversity Tactical Fund will not constitute a disposal of units for capital gains tax purposes. Instead, your New Units will be deemed to have been acquired on the date you acquired units in the Schroder Multi-Manager High Alpha Fund for the same cost, and any tax you incur on the capital gains realised when you dispose of your New Units in the Schroder MM Diversity Tactical Fund will be calculated on this basis.

If you are in any doubt about your tax position, or you are not a UK resident, you should consult a professional tax adviser.

Stamp Duty

It is our understanding that the proposed merger will not constitute an agreement to transfer any chargeable securities involved in the transaction, and therefore no charge to Stamp Duty or Stamp Duty Reserve Tax should arise.

The above statements as to taxation are based on legislation and HM Revenue & Customs practice as known at the date of this letter. Levels and bases of, and reliefs from, taxation may change. They summarise the position for UK-resident investors generally. They do not cover the tax position of non-UK-resident Unitholders, nor cover liability to overseas taxes, nor apply to dealers in securities. Tax reliefs referred to are those currently available and their value depends on the individual circumstances of the investor. We do not accept liability should the tax legislation or HM Revenue & Customs practice or its interpretation change at any time. If you are in any doubt about how your taxation position may be affected, you should consult your professional adviser.

5. Regular savers, mandates and other instructions

If you are a regular saver into the Schroder Multi-Manager High Alpha Fund, or there are other mandates or instructions which you have given us in relation to your Units in the Schroder Multi-Manager High Alpha Fund, then these mandates or instructions will automatically apply following the merger. If you do not want these mandates or instructions to be carried forward, please let us know before the Effective Date. You may, of course, change these mandates or instructions at any time.

If you do not wish to make a change to your existing regular savings mandate, then your last monthly investment in the Schroder Multi-Manager High Alpha Fund will be made on 10 October 2014, before the mandate carries forward to the Schroder MM Diversity Tactical Fund, following the merger.

6. Issue of Units under the merger

Under the proposal, Unitholders will receive the same type and class of units in the Schroder MM Diversity Tactical Fund as the type and class of Units they already hold in the Schroder Multi-Manager High Alpha Fund, as a result of the transfer of the assets from the Schroder Multi-Manager High Alpha Fund on the terms set out in the Scheme of Arrangement. In each case New Units issued on the merger will be denominated in pence.

7. Costs and expenses

The costs and expenses of the proposed Scheme of Arrangement will be paid by Schroder Unit Trusts Limited, save as below.

The costs and expenses that will be paid by Schroder Unit Trusts Limited include the costs of preparing and implementing the merger, of convening and holding the Unitholder meeting and of terminating the Schroder Multi-Manager High Alpha Fund if the proposed merger is approved. Schroder Unit Trusts Limited will not seek reimbursement of such amounts from the property of the Schroder Multi-Manager High Alpha Fund.

The audit fee which is incurred from the merger date to the completion of the termination of the Schroder Multi-Manager High Alpha Fund will be paid by the Schroder Multi-Manager High Alpha Fund.

Costs incurred in respect of restructuring the portfolio of the Schroder Multi-Manager High Alpha Fund in preparation for the Scheme of Arrangement will be borne by this fund. Costs incurred in respect of restructuring the portfolio of the Schroder MM Diversity Tactical Fund after the Scheme of Arrangement has been implemented will be borne by that fund.

We expect that any costs arising from restructuring the portfolios of the funds either prior to and after the Scheme of Arrangement will be small given the considerable similarity of the portfolio of the Schroder Multi-Manager High Alpha Fund to the Schroder MM Diversity Tactical Fund.

8. Consents and approvals

Details of the various consents and clearances which we have obtained and of the other documents available for inspection in connection with the merger proposal are set out in Appendix 4.

9. Your right to switch or exit

You are entitled to switch your Units for units in another Schroder unit trust or you can sell your Units in the Schroder Multi-Manager High Alpha Fund (free of any charge) at any time before 22 October 2014. No further purchases can be made in to the Fund after 26 September 2014. A valid instruction to switch or sell Units in the Schroder Multi-Manager High Alpha Fund will be binding if received by 12:00 noon on 22 October 2014.

Please note that a switch of Units to another Schroder unit trust, or the sale of Units on a non-ISA investment will be treated as a disposal for capital gains tax purposes. Details of our range of unit trusts are set out in the relevant Schroder prospectuses which are available at www.schroders.co.uk or on request by telephoning 0800 718 777.

Instructions to switch or sell your Units must be given in writing to Schroder Investor Services at PO Box 1102, Chelmsford CM99 2XX or by telephoning 0800 718 777 before 12:00 noon on 22 October 2014.

If the Extraordinary Resolution is approved, the Scheme of Arrangement will be implemented regardless of whether you voted for or against it, or voted at all. You are entitled to sell your New Units in the Schroder MM Diversity Tactical Fund after the Effective Date. Please note that the selling of your New Units in the Schroder MM Diversity Tactical Fund will also constitute a disposal for capital gains tax purposes.

10. Recommendation and action to be taken

We believe that the proposed merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund is in the best interests of Unitholders and we recommend that you vote in favour of the proposal. To be passed, the Extraordinary Resolution requires a majority in

favour of not less than 75 per cent. of the total number of votes validly cast, so it is important that you exercise your right to vote.

If the proposed merger is not approved by Unitholders of the Schroder Multi-Manager High Alpha Fund, the Schroder Multi-Manager High Alpha Fund will not be merged into the Schroder MM Diversity Tactical Fund and, for the time being at least, 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 on-going viability of the Schroder Multi-Manager High Alpha Fund 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 1 as this contains important information about the differences between the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund, and how the merger (if effected) will impact you.

The results of the vote will be published on 17 October our website at www.schroders.co.uk/fundchanges.

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 Schroder Administration Centre, DST, 15 Rolling Mill Road, Jarrow, NE32 3DE. It must arrive on or before 9:00 a.m. on 15 October 2014.** 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



Robin Stoakley

Director
Schroder Unit Trusts Limited

Appendix 1

Part A

Comparison of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund

	Schroder Multi-Manager High Alpha Fund	Schroder MM Diversity Tactical Fund
Type of fund	Non-UCITS Retail Scheme	Non-UCITS Retail Scheme
Structure	Authorised Unit Trust	Authorised Unit Trust
Date of inception	16 June 2008	22 May 2012
Fund size*	£14 million	£139 million
Manager/Authorised Corporate Director	Schroder Unit Trusts Limited	Schroder Unit Trusts Limited
Trustee/Depositary	J.P. Morgan Europe Limited	J.P. Morgan Europe Limited
Fund Manager	Multi-Manager Team	Multi-Manager Team
Current Investment objective and policy	<p>The fund's investment objective is to provide a capital growth through investment in collective investment schemes as well as directly held transferable securities, derivatives, cash, deposits, warrants and money market instruments. In order to achieve the objective the Manager will invest in a focused portfolio of investments.</p> <p>The fund may also gain exposure to alternatives including commodities, hedge funds, private equity and property through investment in collective investment schemes and transferable securities.</p>	<p>The Schroder MM Diversity Tactical fund seeks to provide capital growth through exposure to a diverse range of asset types including equities, bonds, fixed interest, cash and any other permitted assets deemed appropriate to meet the investment objective.</p> <p>The fund will follow a tactical asset allocation strategy through which it will seek to increase returns and reduce downside risk by making tactical adjustments to the Fund's holdings based on market conditions.</p> <p>The fund will invest in global markets through a diversified portfolio of collective investment schemes and exchange traded funds that invest in equities and fixed income.</p> <p>Additional investment diversification will be obtained through collective investment schemes that invest in alternative asset classes including private equity, property and commodities. Investment may also be made in approved money market funds.</p>

	Schroder Multi-Manager High Alpha Fund	Schroder MM Diversity Tactical Fund
		<p>Although the investment policy of the fund is to invest mainly in collective investment schemes, the fund may also invest in closed-ended funds, individual transferable securities, money market instruments, deposits and cash and near cash.</p> <p>The fund may utilise derivatives and forward transactions for the purpose of efficient portfolio management.</p>
Risks	See attached Key Investor Information Document	See attached Key Investor Information Document
Currency of denomination	GBP	GBP
Relevant Unit/Share Class	A Accumulation and A Income Z Accumulation and Z Income S Accumulation	A Accumulation and A Income Z Accumulation and Z Income S Accumulation
Minimum Investment	A Units £1,000 Z Units £1 million S Units None	A Units £1,000 Z Units £25,000 S Units None
Minimum subsequent investment	A Units £500 Z Units £100,000 S Units None	A Units £500 Z Units £25,000 S Units None
Initial Charge	Nil	Nil
Annual Management Charge	A Units 1.50% Z Units 0.75 S Units up to 1%	A Units 1.0% Z Units 0.50% S Units up to 1%
Annual Management Charge charged to:	Income	Capital

	Schroder Multi-Manager High Alpha Fund	Schroder MM Diversity Tactical Fund
Ongoing Charge (OGC) Dated 31.03.14	A Inc Units 2.10 A Acc Units 2.10 Z Inc Units 1.35 Z Acc Units 1.35 S Acc Units 1.00	A Inc Units 1.81 A Acc Units 1.81 Z Inc Units 1.31 Z Acc Units 1.31 S Acc Units 1.11
Annual Accounting Date	15 March	28 February
Half-Yearly Accounting Date	15 September	31 August
Income Allocation Dates	15 May (Annual)	30 April (Annual), 31 October
Pricing structure	Single priced	Single priced
Pricing frequency	Daily	Daily
Valuation Point	12:00 noon	12:00 noon
Distribution Yield Dated 31.03.14	A Inc Units 0.00 A Acc Units 0.00 Z Inc Units 0.00 Z Acc Units 0.00 S Acc Units 1.14	A Inc Units 0.00 A Acc Units 0.00 Z Inc Units 0.02 Z Acc Units 0.05 S Acc Units 0.22
Benchmark	This Fund is not managed with reference to a financial index.	This Fund is not managed with reference to a financial index.
Cumulative Performance***	1 year 0.8% 3 years 11.8% 5 years 40.3%	1 year 2.1% 3 years 32.3% 5 years 59.6%

*As at 31/07/2014

**As at 31/07/2014, A Class units net income reinvested, net of the ongoing charges and portfolio costs.

Appendix 1

Part B

The principal features of an authorised trust

	Authorised Unit Trust
Fund Structure	Unit trust governed by a trust deed made between a manager and a trustee.
Regulator and regulations	FCA authorised and governed by a trust deed and the COLL Sourcebook.
Nature of investor's interest	Owners of units in the relevant unit trust which provide a beneficial interest in the underlying trust property.
Types of unit or Units	Different unit classes permitted.
Management and administration	Manager (authorised by the FCA).
Custody of assets	Independent trustee. (authorised by the FCA).
Taxation	A tax efficient investment vehicle in which a unit trust's underlying securities can be bought and sold free of capital gains tax (for a UK resident and domiciled unitholder, gains on units are only taxable when the units are sold).

Appendix 2

Procedure for Unitholder meetings

1 Extraordinary Resolution of Unitholders

The notice convening the meeting of Unitholders of the Schroder Multi-Manager High Alpha Fund is set out in Appendix 5 of this document and sets out the Extraordinary Resolution to approve the merger. To be passed, the Extraordinary Resolution must receive the support of a majority of 75 per cent. of the total number of votes correctly cast.

2 Quorum and Voting Requirements

The quorum for the meeting is two Unitholders present in person or by proxy.

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. 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 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 per cent. of the total number of votes correctly 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 Schroder Multi-Manager High Alpha Fund.

In view of the importance of the proposals 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 that the price of the unit bears to the aggregate price or prices of all of the units in issue at 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.

In order to avoid an adjournment, please complete and sign the enclosed form of proxy and return it as soon as possible in the enclosed prepaid envelope. Forms of proxy should arrive at the offices of Schroder Administration Centre, DST, 15 Rolling Mill Road, Jarrow, NE32 3DE, not later than 9.00 a.m. on 15 October 2014.

Return of a form of proxy will not preclude a Unitholder from attending the meeting if entitled to do so, nor from voting in person.

3. Joint Holders

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

4. 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 the Units are held by it jointly with or on behalf of a person who, if he himself was a registered holder, would be entitled to vote, and from whom voting instructions have been received. Associates of the Manager holding Units are entitled to be counted in a quorum.

5. 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 in Appendix 4.

Appendix 3

Scheme of arrangement for the merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund

1. Definitions and interpretation

- 1.1 In this Scheme, unless the context otherwise requires, words and terms have the meanings set out in the Glossary of Terms at the beginning of this document.
- 1.2 In addition, where relevant in the context, terms which are defined in the FCA Rules shall have the same meaning in this Scheme.
- 1.3 References to paragraphs are to paragraphs of the Scheme.
- 1.4 If there is any conflict between the Scheme and the trust deed, the trust deed will prevail. If there is any conflict between the Scheme and the FCA Rules, then the FCA Rules will prevail.

2. Approval of Unitholders

- 2.1 The merger of the Schroder Multi-Manager High Alpha Fund with the Schroder MM Diversity Tactical Fund is conditional upon the passing of an Extraordinary Resolution at a meeting of Unitholders in the Schroder Multi-Manager High Alpha Fund, by which those Unitholders approve the Scheme and authorise the implementation of the merger of the Schroder Multi-Manager High Alpha Fund with the Schroder MM Diversity Tactical Fund.
- 2.2 You will be notified of the result of the vote on the Extraordinary Resolution for the Schroder Multi-Manager High Alpha Fund. If approved, the Scheme will be binding on all Unitholders in the Schroder Multi-Manager High Alpha Fund, whether or not they vote in favour of it or vote at all, and the conversion will be implemented as set out in the following paragraphs.

3. Last dealings in the Fund

- 3.1 The last day on which valid instructions to buy Units in the Schroder Multi-Manager High Alpha Fund may be received is 12:00 noon on 26 September 2014. For those Unitholders who are regular savers, this does not impact your last monthly investment in the Schroder Multi-Manager High Alpha Fund, which will still be made on 10 October 2014. The last day on which valid instructions to sell Units in the Schroder Multi-Manager High Alpha Fund may be received is 12:00 noon on 22 October 2014. Instructions received by post after that time will be held over until the first valuation point of the Schroder MM Diversity Tactical Fund following the Scheme of Arrangement, which will be at 12:00 noon on 17 October 2014. Instructions received by all other methods after that time will be returned, and a new instruction should be submitted for the first valuation point of the Schroder MM Diversity Tactical Fund following the merger on 27 October 2014.

4. Income allocation arrangements

- 4.1 Any distributions in respect of the Schroder Multi-Manager High Alpha Fund which are unclaimed for a period of six years from the original date of payment (together with any interest arising on such distributions as it accrues) shall be transferred by the administrator of the Schroder Multi-Manager High Alpha Fund and become part of the capital property of the Schroder MM Diversity Tactical Fund. The unclaimed distributions shall be held until the last distribution is claimed or until the expiry of six years from the original payment of the distributions, whichever is earlier.

5. Calculation of the value of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund.

5.1 The value of the Schroder Multi-Manager High Alpha Fund shall be calculated on a single mid-market basis as at 12:00 noon on the Effective Date less:

5.1.1 Income (if any) to be allocated to the Fund in respect of the current accounting period ending on the Effective Date; and

5.1.2 the Retained Amount.

5.2 The value of the Schroder MM Diversity Tactical Fund shall be the value of the income and capital property attributable to the Schroder MM Diversity Tactical Fund calculated on a mid-market basis in accordance with COLL as at 12:00 noon on the Effective Date.

5.3 These valuations shall be used in the calculation of the number of New Units in the Schroder MM Diversity Tactical Fund to be issued.

5.4 In the event that the value of the Schroder Multi-Manager High Alpha Fund and/or the Schroder MM Diversity Tactical Fund vary significantly between 12:00 noon on the Effective Date and the transfer of property and issue of New Units taking place (see paragraph 7 below) there will be a revaluation of the relevant fund(s).

6. Transfer of property and issue of New Units

As at and from 12:01 p.m. on the Effective Date:

6.1 The property of the Schroder Multi-Manager High Alpha Fund, less the Retained Amount and any income (the “Transferred Property”), will become the property of the Schroder MM Diversity Tactical Fund in exchange and full payment for the issue of New Units. The Trustee will cease to hold the Transferred Property as attributable to the Schroder Multi-Manager High Alpha Fund, less the retained amount, and will, in its capacity as trustee of the Schroder MM

Diversity Tactical Fund, hold the Transferred Property as scheme property of the Schroder MM Diversity Tactical Fund. The Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund, will make or ensure the making of any transfers or re-designations which may be necessary as a result of its ceasing to hold the Transferred Property as the Trustee of the Schroder Multi-Manager High Alpha Fund.

6.2 The Manager in its capacity as the manager of the Schroder MM Diversity Tactical Fund will issue New Units in the Schroder MM Diversity Tactical Fund of the equivalent class and type to Unitholders who are registered on the Effective Date as holding such Units in the Schroder Multi-Manager High Alpha Fund on the basis set out in paragraph 7. Unitholders holding A class accumulation and A class income Units in the Schroder Multi-Manager High Alpha Fund will receive respectively A class accumulation and A class income New Units in the Schroder MM Diversity Tactical Fund. Unitholders holding Z class accumulation and Z class income Units in the Schroder Multi-Manager High Alpha Fund will receive respectively Z class accumulation and Z class income New Units in the Schroder MM Diversity Tactical Fund. Unitholders holding S class accumulation in the Schroder Multi-Manager High Alpha Fund will receive S class accumulation New Units in the Schroder MM Diversity Tactical Fund.

6.3 All Units in the Schroder Multi-Manager High Alpha Fund will be deemed to be cancelled and will cease to be of any value as at 12:02 p.m. on the Effective Date.

6.4 Unitholders will be treated as exchanging their Units for New Units.

7. Basis for the issue of New Units

7.1 New Units (including fractions of Units) of the equivalent class and type will be issued to each Unitholder invested in the Schroder Multi-Manager High Alpha Fund in proportion to that Unitholder’s

individual entitlement to the Fund Value on the basis set out below.

- 7.2 The price of each unit to be issued in the Schroder MM Diversity Tactical Fund shall be the Schroder MM Diversity Tactical Fund Value, divided by the number of undivided Units represented by units in issue in the Schroder MM Diversity Tactical Fund (not including the New Units to be issued under the Scheme) and multiplied by the number of undivided units (including any fraction) represented by one Unit of the Schroder MM Diversity Tactical Fund as at 12:00 noon on the Effective Date.
- 7.3 New Units of the equivalent class and type as those held by Unitholders of the Schroder Multi-Manager High Alpha Fund on the Effective Date shall be created and issued in the Schroder MM Diversity Tactical Fund to the value of the Schroder Multi-Manager High Alpha Fund Value, in proportion to the number of undivided Units in the property of the Schroder Multi-Manager High Alpha Fund in issue at 12:00 noon on the Effective Date. New Units (including fractions of units) issued in the Schroder MM Diversity Tactical Fund shall be allocated among the Schroder MM Diversity Tactical Fund Unitholders in proportion to the number of undivided Units in the property of the Schroder MM Diversity Tactical Fund represented by the respective units in the Schroder MM Diversity Tactical Fund held or deemed to be held by them at 12:01 p.m. on the Effective Date provided that the number of New Units to be issued to any Unitholder shall be rounded up to the nearest fraction at the expense of Schroders.
- 7.4 For the purposes of income equalisation, the value of New Units may contain an element of income, which represents the value of accrued income at the time of purchase for the relevant accounting period. On the first income allocation following the issue of the New Units, Unitholders will receive as part of their income allocation a capital sum representing that part of the value of the New Units, which represents the value of such accrued income.

8. Notification of the New Units issued under the Scheme

- 8.1 It is intended that Schroder Unit Trusts Limited, as the Manager of the Schroder MM Diversity Tactical Fund, will notify each Unitholder who has participated in the merger of the number and class of New Units issued under the Scheme. This notification will be dispatched by the close of business within 14 days after the Effective Date by first class post to the Unitholder's address appearing in the register of Unitholders of the Schroder MM Diversity Tactical Fund as at the Effective Date. Upon despatch of such notifications, any documentation confirming ownership of Units in the Schroder Multi-Manager High Alpha Fund will cease to be valid. No certificates will be issued in respect of New Units.
- 8.2 Transfers or redemptions of New Units issued under the Scheme may be effected from the next business day after the Effective Date by telephoning Schroder Investor Services on 0800 718 777. Written transfer and redemption requests in respect of New Units can be made in writing to Schroder Investor Services at PO Box 1102, Chelmsford, CM99 2XX.

9. Mandates and other instructions in respect of New Units

Mandates and other instructions to the Manager of the Schroder Multi-Manager High Alpha Fund in force on the Effective Date in respect of Units will be deemed to be effective in respect of New Units issued under the Scheme and in respect of other later acquired New Units, if relevant. These mandates or instructions may be changed at any time.

10. Termination of the Fund

- 10.1 If the Scheme is approved by Unitholders, the Schroder Multi-Manager High Alpha Fund will, following the merger, be terminated in accordance with the FCA Rules.

10.2 The Retained Amount (which will be made up of cash and other assets, if necessary) and any income arising on it will be used by the Trustee to pay any outstanding liabilities of the Schroder Multi-Manager High Alpha Fund in accordance with the directions and instructions of the Manager, the provisions of the trust deed and the FCA Rules. In providing such directions and/or instructions to the Trustee, the Manager, as Manager of the Schroder Multi-Manager High Alpha Fund, shall be responsible for ensuring that such directions and/or instructions comply at all times with the provisions of the trust deed and the FCA Rules.

10.3 If, on the completion of the termination of the Schroder Multi-Manager High Alpha Fund, there are any surplus moneys remaining in the Schroder Multi-Manager High Alpha Fund, the money, together with any income arising therefrom, shall be transferred to the Schroder MM Diversity Tactical Fund. No further issue of New Units will be made as a result.

10.4 If the Retained Amount is insufficient to discharge all the liabilities of the Schroder Multi-Manager High Alpha Fund, the Trustee, in its capacity as trustee of the Schroder MM Diversity Tactical Fund, will pay the amount of the shortfall out of the scheme property of the Schroder MM Diversity Tactical Fund in accordance with the directions and/or instructions of the Manager with the agreement of the Trustee, in its capacity as trustee of the Schroder MM Diversity Tactical Fund, and the FCA Rules, but otherwise such shortfall shall be discharged by the Manager.

10.5 On completion of the termination of the Schroder Multi-Manager High Alpha Fund, the Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund, will be discharged from all its obligations and liabilities in respect of the Schroder Multi-Manager High Alpha Fund, except those arising from a breach of duty before that time.

11. Costs, charges and expenses

11.1 The Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund, and the Manager will continue to receive their usual fees and expenses for being the Trustee and the Manager respectively of the Schroder Multi-Manager High Alpha Fund out of the property of the Schroder Multi-Manager High Alpha Fund which accrue prior to, or, in the case of the Trustee, after, the Effective Date.

11.2 The costs of preparing and implementing the merger under the Scheme, including:

- (a) the costs of convening and holding the meeting of Unitholders (and any adjourned meeting);
- (b) any re-designation and registration fees;
- (c) taxes and duties (if any) on the transfer or re-designation of the Transferred Property;
- (d) the costs of termination of the Schroder Multi-Manager High Alpha Fund; and
- (e) the professional adviser's fees and expenses (including those of the Trustee) payable in connection with the merger and the Scheme;

11.3 The Scheme of Arrangement will not result in prejudice to Unitholders in the Merging Fund; it is consistent with the existing objectives and can be made effective without breaching the investment and borrowing limits in line with COLL 7.6.2R6.

will be paid by Schroder Unit Trusts Limited, not by Unitholders.

12. Register of Unitholders

12.1 The Manager and the Trustee, in its capacity as Trustee of the Schroder Multi-Manager High Alpha Fund, shall be entitled to assume that all information contained in the register of Unitholders of the Schroder Multi-Manager High Alpha Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Units to be issued and registered pursuant to the Scheme.

12.2 The Manager and the Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund, may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of the Schroder Multi-Manager High Alpha Fund in connection with the Scheme and shall not be liable or responsible for any resulting loss.

13. Alterations to the Scheme

13.1 The Manager, with the agreement of the Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund, may determine (in particular, in the event of an adjournment to the meeting of Unitholders to consider and vote on the Extraordinary Resolution) that the Effective Date of the merger is to be other than as set out in this document, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as the Manager considers appropriate.

13.2 The terms of the Scheme may be amended as determined by the Manager of the Schroder Multi-Manager High Alpha Fund and the Trustee, in its capacity as trustee of the Schroder Multi-Manager High Alpha Fund.

14. Governing law

The Scheme is governed by and shall be construed in accordance with the laws of England and Wales.

Dated: 26 September 2014.

Appendix 4

Consents and clearances

1. Trustee

In accordance with normal procedure, J.P. Morgan Europe Limited, as the trustee of the Schroder Multi-Manager High Alpha Fund and the Schroder MM Diversity Tactical Fund, whilst expressing no opinion on the merits or demerits of the proposal, has informed us by letter that it considers that the Scheme of Arrangement is in a form suitable to be placed before Unitholders for their consideration and consents to the references made to it in this document in the form and context in which they appear. The confirmation is not a recommendation to vote for or against the Extraordinary Resolution, which is a matter for each Unitholder's judgement.

2. The Financial Conduct Authority

The FCA has been notified of the proposed Scheme of Arrangement and has approved the proposal for the purpose of section 251 (4) (a) of the Financial Services and Markets Act.

3. HM Revenue & Customs

We have applied to HM Revenue & Customs for confirmation of our understanding that section 137 of the Taxation of Chargeable Gains Act 1992 should not apply to the merger under the Scheme of Arrangement and consequently section 136 of that Act may apply. Accordingly, the merger of the Schroder Multi-Manager High Alpha Fund into the Schroder MM Diversity Tactical Fund should not involve a disposal of Units in the Schroder Multi-Manager High Alpha Fund for the purposes of taxation of capital gains. The New Units in the Schroder MM Diversity Tactical Fund will be deemed to have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Unitholder who has been allocated New Units

by way of the merger as their existing Units in the Schroder Multi-Manager High Alpha Fund.

4. 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 current Prospectus, trust deed (and any supplemental trust deeds), and the Key Investor Information document for each relevant unit class, of Schroder Multi-Manager High Alpha Fund;
- (b) the latest interim and annual short report and accounts for the Schroder Multi-Manager High Alpha Fund;
- (c) the current Prospectus, trust deed (and any supplemental trust deeds), and the Key Investor Information Document for each relevant unit class, of the Schroder MM Diversity Tactical Fund;
- (d) the letter from HM Revenue & Customs referred to under "3.HM Revenue & Customs" above;
- (e) the letter from the FCA referred to under "2. The Financial Conduct Authority" above;
- (f) the letter from the Trustee to us consenting to the inclusion in this letter and the Scheme of Arrangement to references to the Trustee referred to under "1. Trustee" above; and
- (g) Chapter 7 of the FCA's COLL Sourcebook which is referred to in the Scheme of Arrangement.

Appendix 5

Notice of Meeting of Unitholders

Schroder Multi-Manager High Alpha Fund

Merging Fund

NOTICE IS HEREBY GIVEN that a meeting of the Unitholders in the Schroder Multi-Manager High Alpha Fund will be held at 31 Gresham Street, London, EC2V 7QA on 17 October 2014 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 the Scheme of Arrangement (the “Scheme”) of the authorised unit trust known as the Schroder Multi-Manager High Alpha Fund (the “Fund”) and relating to the merger into the authorised unit trust known as the Schroder MM Diversity Tactical Fund as set out in Appendix II to the document dated 26 September 2014 from Schroder Unit Trusts Limited to the holders of Units in the Fund be approved and adopted and accordingly that subject to the satisfaction of all of the consents set out in paragraph 8 of the Scheme, Schroder Unit Trusts Limited, as the Manager of the Fund, and J.P. Morgan Europe Limited, as Trustee of the Fund are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Robin Stoakley
Director
Schroder Unit Trusts Limited
31 Gresham Street
London
EC2V 7QA

26 September 2014.

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 Schroder Administration Centre, DST, 15 Rolling Mill Road, Jarrow, NE32 3DE, no later than 9:00 a.m. on 15 October 2014. 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 per cent. 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 that the price of the unit bears to the aggregate price or prices of all of the units in issue at 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.



Schroders