

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 following 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 Fund.

13 March 2023

Dear Unitholder

Schroder Unit Trusts

- **Schroder Balanced Investment Fund**
 - **Schroder Capital Stable Fund**
 - **Schroder Growth Fund**
 - **Schroder Stable Growth Fund**
- (each a "Fund", collectively, "Funds")

We are writing to inform you of the following updates relating to the Funds, which are summarised below.

A. Updates in relation to investments in insurance-linked securities ("ILS") and ILS-related products

With effect from 13 March 2023 ("**Effective Date**"), the investment policies of the Funds will be updated to provide that each Fund may invest up to 10% of its net asset value in ILS, such as catastrophe bonds, issued outside Hong Kong and/or any ILS-related products, such as derivatives or structured products whose returns are linked to the performance of any ILS and collective investment schemes whose investment objective or principal investment strategy is investing in ILS. For the avoidance of doubt, the Funds will not invest in ILS issued in Hong Kong and their repackaged products and derivatives.

As a result of the Funds' investments in ILS and ILS-related products, the Funds may be subject to the following risks:

Insurance-linked securities/ catastrophe bonds risks

Insurance-linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes.

A Fund could invest in catastrophe bonds which may lose part or all of their value in case a trigger event occurs (e.g. natural disasters or financial or economic failures).

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's holdings of such securities.

Although a Fund's exposure to such events will be limited and 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 holdings of such securities.

The loss amount is defined in the terms of the catastrophe bond and may be based on losses to a company or industry, modelled losses to a notional portfolio, industry indices, readings of scientific instruments or certain other parameters associated with a catastrophe rather than actual losses. The modelling used to calculate the probability of a trigger event may not be accurate or may underestimate the likelihood of the trigger event occurring which may increase the risk of loss.

Catastrophe bonds may provide for extensions of maturity which may increase volatility and may be rated by credit ratings agencies on the basis of how likely it is that the trigger event will occur. Catastrophe bonds have typically have a below investment grade credit rating (or considered equivalent if they are unrated).

B. Updates in relation to currency conversion service

The disclosures in the Explanatory Memoranda relating to currency conversion for any payments to or from the relevant Fund for subscription, redemption or switching of units will be updated and streamlined. For the avoidance of doubt, the risk and cost of currency conversion and other related charges and expenses will be borne by the relevant investor.

C. Implications on unitholders

Save as described above, all other key features of the Funds, including fee levels, fee structures, and the ways the Funds are managed in practice remain unchanged. The updates set out above do not amount to any material change to the Funds. There will be no material change or increase in the overall risk profile of the Funds following the updates, and the updates do not have any material adverse impact on unitholders' rights or interests.

D. Amendments to the offering documents

The Explanatory Memoranda and Product Key Facts Statements of the Funds will be revised to reflect the relevant updates set out above, and other miscellaneous or general updates. The latest offering documents of the Funds are available at our website

(www.schroders.com.hk)¹ or upon request from our office (Level 33, Two Pacific Place, 88 Queensway, Hong Kong) free of charge.

E. Enquiry

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

¹ The website has not been reviewed by the SFC.