

Schroder Corporate Bond Fund

Proposal for the Scheme of Arrangement for the merger of Schroder Corporate Bond Fund into the Schroder UK Corporate Bond 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 Corporate Bond Fund is set out at the end of this document. The meeting is to be held at 9:00 a.m. on 19 September 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 17 September 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 right or otherwise as defined in the prospectus of the Schroders Corporate Bond Fund.

ACD	Schroder Unit Trusts Limited, as the authorised corporate director of the Schroder UK Corporate Bond Fund;
COLL	the Collective Investment Schemes Sourcebook, as amended from time to time and forming part of the FCA Rules;
Effective Date	26 September 2014, assuming Unitholder approval is obtained at the meeting of Unitholders in the Schroder Corporate Bond 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 Corporate Bond Fund required to approve the implementation of the Scheme;
FCA	the Financial Conduct Authority;
FCA Rules	the FCA's Handbook of Rules and Guidance;
Manager	Schroder Unit Trusts Limited, as manager of the Schroder Corporate Bond Fund and the ACD of the Schroder UK Corporate Bond Fund;
New Shares	new shares in the Schroder UK Corporate Bond Fund to be issued to Unitholders following implementation of the merger of the Schroder Corporate Bond Fund under the 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 Corporate Bond Fund and which is to be retained by the Trustee as attributable to the Schroder Corporate Bond Fund for the purpose of discharging such liabilities;
Scheme or Scheme of Arrangement	the scheme of arrangement for the merger of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund as set out in Appendix 3 to this document;
Schroder Corporate Bond Fund Value	the value of the property of the Schroder Corporate Bond Fund (excluding the Retained Amount);
Schroder UK Corporate Bond Fund Value	the value of the property of the Schroder UK Corporate Bond Fund calculated on a mid-market basis, in accordance with COLL and its instrument of incorporation as at 12:00 noon on the Effective Date;
Share	a share in the Schroder UK Corporate Bond Fund;
Shareholder	a holder of Shares in the Schroder UK Corporate Bond Fund;
Trustee	J.P. Morgan Europe Limited, as trustee of the Schroder Corporate Bond Fund and the depositary of the Schroder UK Corporate Bond Fund;
Unit	a unit in the Schroder Corporate Bond Fund;
Unitholder	a holder of Units in the Schroder Corporate Bond Fund.

Expected Timetable for the Proposed Merger

Despatch circular to Unitholders	20 August 2014
Last date and time for receipt of forms of proxy	9:00 a.m. on 17 September 2014
Meeting of Unitholders	9:00 a.m. on 19 September 2014
Last day which valid instruction to buy Units in the Schroder Corporate Bond Fund may be received	by 12:00 noon on 20 August 2014

If the Extraordinary Resolution is passed:

Last day which valid instruction to sell Units in the Schroder Corporate Bond Fund may be received	by 12:00 noon on 22 September 2014
Last dealing of Units in the Schroder Corporate Bond Fund	by 12:00 noon on 22 September 2014
Valuation of the assets of the Schroder Corporate Bond Fund and the Schroder UK Corporate Bond Fund	12:00 noon on 26 September 2014
End of the current accounting period for Schroder Corporate Bond Fund	12:00 noon on 26 September 2014
Effective Date and time of merger	12:01 p.m. on 26 September 2014
First dealing of New Shares in the Schroder UK Corporate Bond Fund	29 September 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).

20 August 2014

To the Unitholders of the Schroder Corporate Bond Fund

Dear Unitholder

Proposed Scheme of Arrangement relating to the merger of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund

We, Schroder Unit Trusts Limited, are writing to you as the Manager of the Schroder Corporate Bond Fund to inform you of a proposal to merge the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund (a sub-fund of Schroder Investment Fund Company) by way of a Scheme of Arrangement. 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 Corporate Bond Fund to be held on 19 September 2014 at 31 Gresham Street, London, EC2V 7QA. If you are a Unitholder on 20 August 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 Corporate Bond 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 Corporate Bond Fund or the Schroder UK Corporate Bond Fund. The Schroder UK Corporate Bond Fund will bear any costs incurred should there be a need to restructure its portfolio after the Scheme of Arrangement has been implemented.

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 fund range through merging some of the funds. Following a review of our funds, we have now decided that the Schroder Corporate Bond Fund should be merged by way of a Scheme of Arrangement into the Schroder UK Corporate Bond Fund.

The merging of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund will provide Z class income and Z class accumulation Unitholders with the benefit of lower annual management charges (as set out below under "Transfer of assets") 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 £314 million.

We consider that the merging of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund is appropriate because the two funds have similar investment objectives. Both funds are managed by the same fund manager and seek to achieve a high level of income from a diversified portfolio of fixed income securities. Each fund invests in corporate bonds and fixed income securities which are either sterling-denominated or hedged-to-sterling and they have similar distribution yields and similar performance records. Both funds can use derivatives for investment and hedging purposes.

As the Schroder UK Corporate Bond Fund is larger in terms of assets under management and has the longer track record, we have decided that the Schroder Corporate Bond Fund should be merged into the Schroder UK Corporate Bond Fund.

If the Scheme of Arrangement is approved, Unitholders in the Schroder Corporate Bond Fund will receive Shares of the same class and type in Schroder UK Corporate Bond Fund.

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

The legal structures of the Schroder Corporate Bond Fund and the Schroder UK Corporate Bond Fund are different. Whereas the Schroder Corporate Bond Fund is an authorised unit trust, the Schroder UK Corporate Bond Fund is a sub-fund of an open-ended investment company (OEIC). An OEIC is a special form of company and unlike a unit trust issues shares instead of units although, like the units of a unit trust, the price of these shares is based upon the value of a fund's assets. Instead of a manager, an OEIC has an ACD and instead of a trustee it has a depositary. However, despite the different names the ACD and the depositary have very similar responsibilities to the manager and the trustee. Like a unit trust, an OEIC can be either a single fund OEIC or it may be structured as an umbrella OEIC with a number of different sub-funds, each with its own portfolio of underlying assets. The Schroder UK Corporate Bond Fund is a sub-fund of an umbrella OEIC called Schroder Investment Fund Company.

A table setting out the differences between the legal structures can be found in Part B of Appendix I.

Investment Objective and Policy

The investment objective and policy of the Schroder Corporate Bond Fund and the Schroder UK Corporate Bond Fund are similar.

The investment objective and policy for each fund and other relevant information, including the ongoing costs and cumulative performance over 1 year, 3 years and 5 years, can be found in Part A of Appendix I. For full details of the Schroder Corporate Bond Fund please refer to the intermediary fund range prospectus which is available at www.schroders.com and for the Schroder UK Corporate Bond Fund please refer to the Schroder Investment Fund Company prospectus which is available at www.schroders.com.

Unit classes

The Schroder Corporate Bond Fund and the Schroder UK

Corporate Bond both have A class income and A class accumulation, S class income and Z class income and Z class accumulation units/shares. The funds do not charge an initial charge and the annual management charge for A class and S class units/shares is the same. Holders of Z class units in the Schroder Corporate Bond Fund pay an annual management charge of 0.60 per cent whilst holders of Z class shares in the Schroder UK Corporate Bond Fund pay an annual management charge of 0.50 per cent. Holders of Z class units in the Schroder Corporate Bond Fund will therefore benefit from the lower annual management charge if the Scheme of Arrangement is effected. A comparison of the annual management charges for each unit/share class of each fund can be found in Appendix 1: Part A.

Dual to single priced fund

The Schroder Corporate Bond Fund is dual priced. This means that the price at which you buy units at (known as the offer price) is different to the price you sell units at (known as the bid price). The difference between these prices is called the 'bid offer spread', or just the 'spread'. The price you buy at is based on the buying prices of the fund's assets, plus associated costs such as stockbroker fees and transfer taxes, for example stamp duty. The price you sell at is based on the selling prices of the fund's assets, plus associated costs such as stockbroker fees and transfer taxes.

The Schroder UK Corporate Bond Fund is single priced which is directly linked to the value of the fund's assets. You buy and sell shares in the fund at a single mid-market price, being the mid-point between the buying and selling prices of the fund's assets. However, the actual costs of purchasing or selling shares in the fund may be higher or lower than the mid-market value used in calculating the share price. These costs may include dealing charges, commissions and the effects of dealing at prices other than the mid-market price. This is called "dilution" and to prevent this occurring we may charge a dilution adjustment when there are net inflows into the fund or net outflows from the fund, so that the price at which you buy or sell a share in

the fund may be above or below that which would have resulted from a mid-market valuation.

The Prospectus will give details of when a dilution adjustment may be applied. A dilution adjustment will not be applied to the merger.

3. Accounting dates and income allocation

The Schroder Corporate Bond Fund has different accounting and distribution dates to the Schroder UK Corporate Bond Fund. A comparison of the different dates is set out in Appendix 1: Part A.

After the merger, the first accounting date in respect of the Schroder UK Corporate Bond Fund will be 31 December 2014 and the first report and accounts will be issued in February 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 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 accumulation shares to be issued in the Schroder UK Corporate Bond Fund.

Any Income paid to holders of both income and accumulation Units 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 Corporate Bond 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 wind-up there is surplus cash it will be transferred to the Schroder UK Corporate Bond 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 UK Corporate Bond 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 Corporate Bond Fund for New Shares in the Schroder UK Corporate Bond Fund will not constitute a disposal of Units for capital gains tax purposes. Instead, your New Shares will be deemed to have been acquired on the date you acquired Units in the Schroder Corporate Bond Fund for the same cost, and any tax you incur on the capital gains realised when you dispose of your New Shares in the Schroder UK Corporate Bond 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 Corporate Bond Fund, or there are other mandates or instructions which you have given us in relation to your Units in the Schroder Corporate Bond Fund then these mandates or instructions will automatically apply following the merger. If you do not want these mandates 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 Corporate Bond Fund will be made on 10 September 2014, before the mandate carries forward in the Schroder UK Corporate Bond Fund, following the merger.

6. Issue of Shares under the merger

Under the proposal, Unitholders will receive the same type and class of Shares in the Schroder UK Corporate Bond Fund as those they already hold in the Schroder Corporate Bond Fund, as a result of the transfer of the assets from the Schroder Corporate Bond Fund on the terms set out in the Scheme of Arrangement. In each case New Shares 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.

Schroder Unit Trusts Limited will meet the costs and expenses of preparing and implementing the merger, of convening and holding the Unitholder meeting and of winding-up the Schroder Corporate Bond Fund if the proposed merger is approved. We will not seek reimbursement of such amounts from the property of the Schroder Corporate Bond Fund.

The audit fee which is incurred from the merger date to the completion of the winding-up of the Schroder Corporate Bond Fund will be paid by the Schroder Corporate Bond Fund.

Costs incurred in respect of restructuring the portfolio of the Schroder Corporate Bond Fund in preparation for the Scheme of Arrangement will be borne by the Schroder Corporate Bond Fund in so far as they do not exceed 0.1 per cent. of the value of the Schroder Corporate Bond Fund at the valuation point of the business day that the Extraordinary Resolution is passed to the date the merger is effected.

Any costs incurred in respect of restructuring the portfolio of the Schroder UK Corporate Bond Fund after the Scheme of Arrangement has been implemented will be borne by this fund although we expect that such costs will be small given the similarities in the portfolio of the Schroder Corporate Bond Fund to the Schroder UK Corporate Bond 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 or shares in another Schroder fund or you can sell your Units in the Schroder Corporate Bond Fund (free of any charge) at any time before 22 September 2014. No further purchases can be made in to the fund after 20 August 2014. A valid instruction to switch or sell Units in the Schroder Corporate Bond Fund will be binding if received by 12:00 noon on 22 September 2014. Details of our range of funds are set out in the relevant Schroder fund prospectuses which are available at www.schroders.co.uk or on request by telephoning 0800 718 777.

Instructions to sell or switch your Units must be given in writing to Schroder Investor Services at PO Box 1102, Chelmsford CM99 2XX or by telephoning 0800 718 777.

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 Shares in the Schroder UK Corporate Bond Fund after the Effective Date.

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. The selling of your New Shares in the Schroder UK Corporate Bond 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 Corporate Bond Fund into the Schroder UK Corporate Bond 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 Corporate Bond Fund, the Schroder Corporate Bond Fund will not be merged into the Schroder UK Corporate Bond 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 position of the Schroder Corporate Bond 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 1 as this contains important information about the differences between the Schroder Corporate Bond Fund and the Schroder UK Corporate Bond Fund, and how the merger (if effected) will impact you.

The results of the vote will be published on 19 September in the "Fund change corner" of our investor website located at the following address: <http://www.schroders.com/ukinvestor/fund-centre/unit-trusts/fund-change-corner>.

If you are unclear about any information provided or have any questions concerning the proposal, please contact Schroder Investor Services on: 0800 718 777. 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 merger. 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 Schroder Administration Centre, DST, 15 Rolling Mill Road, Jarrow, NE32 3DE. It must arrive on or before 9:00 a.m. on 17 September 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 Corporate Bond Fund and the Schroder UK Corporate Bond Fund

	Schroder Corporate Bond Fund	Schroder UK Corporate Bond Fund
Type of fund	UCITS	UCITS
Structure	Authorised Unit Trust	Sub-fund of an umbrella Open-ended Investment Company (OEIC)
Date of inception	February 1999	August 1995
Fund size	£119 million [†]	£195 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	Alix Stewart and Team	Alix Stewart and Team
Current Investment objective and policy	<p>The Fund's investment objective is to achieve a high level of income from a diversified portfolio of fixed interest securities.</p> <p>The emphasis of the Fund will be sterling denominated, or hedged-to-sterling, corporate bonds. The Fund may also invest in convertible bonds, British government securities, euro sterling issues, preference shares, sterling denominated and non-sterling denominated fixed interest securities, and other fixed interest issues. Investment will be in directly held transferable securities.</p> <p>The Fund may also invest in collective investment schemes, derivatives, warrants and money market instruments.</p>	<p>The Fund aims to achieve a high income return together with capital growth by investing primarily in fixed income instruments including bonds, notes of fixed and variable interest, preference shares, convertible and other securities issued by government, quasi-government, supranational, bank and corporate entities, and derivative instruments.</p> <p>The Fund may use forward foreign exchange transactions, credit default swaps, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts for the purposes of efficient portfolio management and/or meeting the investment objectives of the Fund. Such derivative contracts have the potential to significantly increase the Fund's risk profile.</p> <p>The ACD employs a risk management process that seeks to control the volatility of Fund returns.</p> <p>The Fund's net exposure to non-investment grade instruments, as determined by the ACD, may not exceed 20 per cent. of net asset value.</p>

	Schroder Corporate Bond Fund	Schroder UK Corporate Bond Fund
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 S Income Z Accumulation and Z Income	A Accumulation and A Income S Income Z Accumulation and Z Income
Minimum Investment	A Units £1,000 (£50 per month for Regular Savers) S Units None Z Units £1 million	A Shares £1,000 (£50 per month for Regular Savers) S Shares None Z Shares £1 million
Minimum subsequent investment	A Units £500 S Units None Z Units £100,000	A Shares £500 S Shares None Z Shares £100,000
Initial Charge	Nil	Nil
Annual Management Charge	A Units 1.0% S Units Up to 1% Z Units 0.60%	A Shares 1.0% S Shares Up to 1% Z Shares 0.50%
Annual Management Charge charged to:	Capital	Capital
Ongoing Charge (OGC) Dated 31.03.14	A Units 1.13 S Units 0.42 Z Units 0.73	A Shares 1.14 S Shares 0.44 Z Shares 0.64
Annual Accounting Date	25 August	31 December
Half-Yearly Accounting Date	25 February	30 June
Income Allocation Dates	25 October (Annual) 25 April, 25 July and 25 January	28 February (Annual), 31 May, 31 August and 30 November
Pricing structure	Dual priced	Single priced
Pricing frequency	Daily	Daily

	Schroder Corporate Bond Fund	Schroder UK Corporate Bond Fund
Valuation Point	12:00 noon	12:00 noon
Distribution Yield Dated 31.03.14	A Units 5.4 S Units 5.5 Z Units 5.3	A Shares 4.9 S Shares 4.9 Z Shares 4.9
Benchmark	Bank of America Merrill Lynch Sterling Corporate & Collateralised Index	Bank of America Merrill Lynch Sterling Corporate & Collateralised Index
Cumulative Performance***	1 year 6.2% 3 years 14.6% 5 years 31.6%	1 year 4.6% 3 years 14.6% 5 years 41.1%

*As at 12/08/2014

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

†As at 12/08/2014

Appendix 1

Part B

	Authorised Unit Trust	OEIC
Fund Structure	Unit Trust governed by a trust deed made between a manager and a trustee	Open-ended Investment Company governed by an instrument of incorporation
Regulator and regulations	FCA authorised, and governed by a trust deed and the COLL Sourcebook	FCA authorised and governed by an instrument of incorporation, the OEIC Regulations 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	Owners of shares in the relevant OEIC rather than an interest in the underlying property
Types of unit or shares	Different unit classes permitted	Different share classes permitted
Management and administration	Manager (authorised by the FCA)	Authorised Corporate Director (authorised by the FCA)
Custody of assets	Independent trustee (authorised by the FCA)	Independent depositary (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 unit holder, gains on units are only taxable when the units are sold).	A tax efficient investment vehicle in which a OEIC's underlying securities can be bought and sold free of capital gains tax (for a UK resident and domiciled shareholder, gains on shares are only taxable when the shares are sold).

Appendix 2

Procedure for Unitholder meetings

1 Extraordinary Resolution of Unitholders

The notice convening the meeting of Unitholders of the Schroder Corporate Bond 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 Corporate Bond 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 17 September 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.

Appendix 3

Scheme of arrangement for the merger of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund

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.

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 of the Schroder Corporate Bond Fund, 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 Corporate Bond Fund into the Schroder UK Corporate Bond Fund is conditional upon the passing of an Extraordinary Resolution at a meeting of Unitholders in the Schroder Corporate Bond Fund, by which those Unitholders approve the Scheme and authorise the implementation of the merger of the Schroder Corporate Bond Fund into the Schroder UK Corporate Bond Fund.
- 2.2 You will be notified of the result of the vote on the Extraordinary Resolution for the Schroder Corporate Bond Fund. If approved, the Scheme will be binding on all Unitholders in the Schroder Corporate Bond 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

The last day on which valid instructions to buy Units in the Schroder Corporate Bond Fund may be received is 12:00 noon on 20 August 2014. For those Unitholders who are regular savers, this does not impact your last monthly investment in the Schroder Corporate Bond Fund, which will still be made on 10 September 2014. The last day on which valid instructions to sell units in the Schroder Corporate Bond Fund may be received is 12:00 noon on 22 September 2014. Instructions received by post after that time will be held over until the first valuation point of the Schroder UK Corporate Bond Fund following the Scheme of Arrangement, which will be at 12:00 noon on 29 September 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 UK Corporate Bond Fund on 29 September 2014..

4. Income allocation arrangements

- 4.1 Any distributions in respect of the Schroder Corporate Bond 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 Corporate Bond Fund and become part of the capital property of the Schroder UK Corporate Bond 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 Corporate Bond Fund and the Schroder UK Corporate Bond Fund.

- 5.1 For the purpose of the merger of the Schroder Corporate Bond Fund into Schroder UK Corporate Bond Fund, the value of the Schroder Corporate Bond Fund shall be calculated on a single mid-market price as at 12:00 noon on the Effective Date less:

5.1.1 Income (if any) to be allocated to holders of income Units; and

5.1.2 the Retained Amount.

- 5.2 The value of the Schroder UK Corporate Bond Fund shall be the value of the income and capital property attributable to the Schroder UK Corporate Bond 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 Shares in the Schroder UK Corporate Bond Fund to be issued.
- 5.4 In the event that the value of the Schroder Corporate Bond Fund and/or the Schroder UK Corporate Bond Fund vary significantly between 12:00 noon on the Effective Date and the transfer of property and issue of New Shares taking place (see paragraph 7 below) there will be a revaluation of the relevant fund(s).

6. Transfer of property and issue of New Shares

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

- 6.1 The property of the Schroder Corporate Bond Fund, will become the property of the Schroder UK Corporate Bond Fund in exchange and full payment for the issue of New Shares. The Trustee will cease to hold the property as attributable to the Schroder Corporate Bond Fund, less the retained amount and will, in its capacity as depositary of the Schroder UK Corporate Bond Fund, hold the property as scheme property of the Schroder UK Corporate Bond Fund. The Trustee, in its capacity as trustee of the Schroder Corporate Bond 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 property as the Trustee of the Schroder Corporate Bond Fund.
- 6.2 The Manager in its capacity as the ACD of the Schroder UK Corporate Bond will issue New Shares in the Schroder UK Corporate Bond Fund of the equivalent class and type to Unitholders who are registered on the Effective Date as holding such Units in the Schroder Corporate Bond Fund on the basis set out in paragraph

7. Unitholders holding income Units will receive income Shares of the same class (i.e. A, S or Z class) and Unitholders holding accumulation Units will receive accumulation Shares of the same class (i.e. A or Z class) under the Scheme.

6.3 All Units in the Schroder Corporate Bond 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 Shares.

7. Basis for the issue of New Shares

7.1 New Shares (including fractions of Shares) of the equivalent class and type will be issued to each Unitholder invested in the Schroder Corporate Bond 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 share to be issued in the Schroder UK Corporate Bond Fund shall be the Schroder UK Corporate Bond Fund Value, divided by the number of undivided shares represented by Shares in issue in the Schroder UK Corporate Bond Fund (not including the New Shares to be issued under the Scheme) and multiplied by the number of undivided shares (including any fraction) represented by one share of the Schroder UK Corporate Bond Fund as at 12:00 noon on the Effective Date.

7.3 New Shares of the equivalent class and type as those held by Unitholders of the Schroder Corporate Bond Fund on the Effective Date shall be created and issued in the Schroder UK Corporate Bond Fund to the value of the Schroder Corporate Bond Fund Value, in proportion to the number of undivided shares in the property of the Schroder Corporate Bond Fund in issue at 12:00 noon on the Effective Date. New Shares (including fractions of shares) issued in the Schroder UK Corporate Bond Fund shall be allocated among the Schroder UK Corporate Bond Fund Shareholders in proportion to the number of undivided shares in the property of the Schroder UK Corporate Bond Fund represented by the respective shares in the Schroder

UK Corporate Bond Fund held or deemed to be held by them at 12.01 p.m. on the Effective Date provided that the number of New Shares 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 Shares 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 Shares, Unitholders will receive as part of their income allocation a capital sum representing that part of the value of the New Shares, which represents the value of such accrued income.

8. Notification of the New Shares issued under the Scheme

8.1 It is intended that Schroder Unit Trusts Limited, as the ACD of the Schroder UK Corporate Bond Fund, will notify each Unitholder who has participated in the merger of the number and class of New Shares 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 Shareholder's address appearing in the register of Shareholders of the Schroder UK Corporate Bond Fund as at the Effective Date. Upon despatch of such notifications, any documentation confirming ownership of Units in the Schroder Corporate Bond Fund will cease to be valid. No certificates will be issued in respect of New Shares.

8.2 Transfers or redemptions of New Shares issued under the Scheme may be effected from the next business day after the Effective Date by telephoning Schroder Unit Trusts Limited on 0800 718 777. Written transfer and redemption requests in respect of New Shares can be made in writing to Schroder Unit Trusts Limited at PO Box 1102, Chelmsford, CM99 2XX.

9. Mandates and other instructions in respect of New Shares

Mandates and other instructions to the Manager of the Schroder Corporate Bond Fund in force on the Effective Date in respect of Units will be deemed to be effective in respect of New Shares issued under the Scheme and in respect of other later acquired New Shares, 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 Corporate Bond 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 Corporate Bond 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 Corporate Bond 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 Corporate Bond Fund, there are any surplus moneys remaining in the Schroder Corporate Bond Fund, the money, together with any income arising therefrom, shall be transferred to the Schroder UK Corporate Bond Fund. No further issue of New Shares will be made as a result.
- 10.4 If the Retained Amount is insufficient to discharge all the liabilities of the Schroder Corporate Bond Fund, the Trustee, in its capacity as depositary of the Schroder UK Corporate Bond Fund, will pay the

amount of the shortfall out of the scheme property of the Schroder UK Corporate Bond Fund in accordance with the directions and/or instructions of the Manager with the agreement of the Trustee (in its capacity as depositary of the Schroder UK Corporate Bond 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 Corporate Bond Fund, the Trustee (in its capacity as trustee of the Schroder Corporate Bond Fund) will be discharged from all its obligations and liabilities in respect of the Schroder Corporate Bond 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 Corporate Bond Fund) and the Manager will continue to receive their usual fees and expenses for being the trustee and the manager respectively of the Schroder Corporate Bond Fund out of the property of the Schroder Corporate Bond 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 Corporate Bond Fund; and
 - (e) the professional adviser's fees and expenses (including those of the Trustee) payable in connection with the merger and the Scheme; will be paid by Schroder Unit Trusts Limited, not by Unitholders.

11.3 The Scheme of Arrangement will not result in prejudice to Shareholders in the Schroder UK Corporate Bond 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.

12. Register of Unitholders

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

12.2 The Manager and the Trustee in its capacity as trustee of the Schroder Corporate Bond 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 Corporate Bond 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 Corporate Bond 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 Corporate Bond Fund and the Trustee (in its capacity as trustee of the Schroder Corporate Bond Fund).

14. Governing law

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

Dated: 20 August 2014

Appendix 4

Consents and clearances

1. Trustee

In accordance with normal procedure, J.P. Morgan Europe Limited, as the trustee of the Schroder Corporate Bond Fund and the depositary of the Schroder UK Corporate Bond 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 Corporate Bond Fund into the Schroder UK Corporate Bond Fund should not involve a disposal of Units in the Schroder Corporate Bond Fund for the purposes of taxation of capital gains. The New Shares in the Schroder UK Corporate Bond Fund will be deemed to have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Shareholder who has been allocated New Shares by way of the merger as their existing Units in the Schroder Corporate Bond 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 Schroder Corporate Bond Fund's Trust Deed and Supplemental Trust Deeds;
- (b) the Schroder Corporate Bond Fund's current Prospectus and the Key investor information document for each Unit class;
- (c) the latest interim and annual short report and accounts for Schroder Corporate Bond Fund and Schroder Investment Fund Company Limited of which the Schroder UK Corporate Bond Fund is a sub-fund;
- (d) the current Prospectus and Instrument of Incorporation for Schroder Investment Fund Company of which the Schroder UK Corporate Bond Fund is a sub-fund;
- (e) the Key Investor Information document for each Share class of the Schroder UK Corporate Bond Fund;
- (f) the letter from HM Revenue & Customs referred to under "3.HM Revenue & Customs" above;
- (g) the letter from the FCA referred to under "2. The Financial Conduct Authority" above;
- (h) 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
- (i) 7 of the FCA's COLL Sourcebook which is referred to in the Scheme of Arrangement.

Appendix 5

Notice of Meeting of Unitholders

Schroder Corporate Bond Fund

NOTICE IS HEREBY GIVEN that a meeting of the Unitholders in Schroder Corporate Bond Fund (the “Fund”) will be held at 31 Gresham Street, London, EC2V 7QA on 19 September 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 Schroder Corporate Bond Fund (the “Trust”), an authorised unit trust scheme, and relating to the merger of the Fund into a sub-fund of Schroder Investment Fund Company known as the Schroder UK Corporate Bond Fund as set out in Appendix II to the document dated 20 August 2014 from Schroder Unit Trusts Limited to the holders of Units in the Trust 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 Trust, and J.P. Morgan Europe Limited, as Trustee of the Trust 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

20 August 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 17 September 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% 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.

