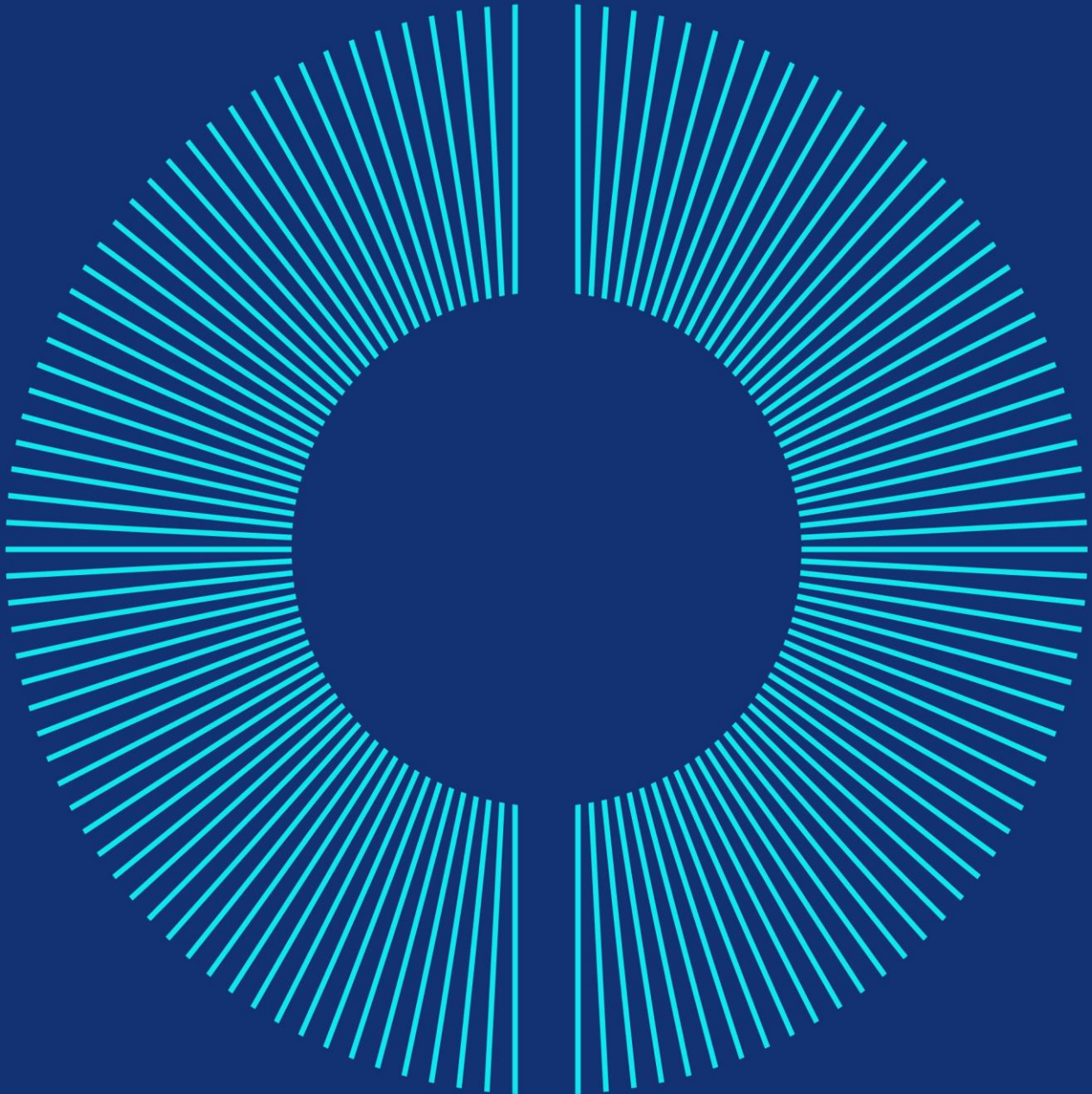


Schroder Absolute Return Bond Fund

Proposal for changes to the Schroder Absolute Return Bond Fund (including to the name and investment objective and policy)



This document is important and requires your immediate attention

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 Absolute Return Bond Fund is set out at the end of this document. The meeting is to be held over Cisco WebEx virtual conferencing software at 09:00 GMT on 11 February 2022 (Meeting date). **Should you wish to join the virtual meeting, the dial-in details can be obtained on request by emailing schrodersinvestor@hsbc.com. You may also email any questions you have on the proposed changes to this email address.**

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 09:00 GMT on 9 February 2022. If returning a form of proxy vote by post in the provided return envelope is not possible, we may accept a form of proxy received via email, provided it has been completed correctly. To facilitate this, the form of proxy must be sent to schroders@paragon-cc.com with a covering email stating that the sender accepts that they will be bound by the electronic form of proxy attached as though it had been delivered in hard copy in accordance with the circular. The sender must also state that they agree to sending a hard copy by post for our records as soon as reasonably possible.

Copies of this document may be obtained from us by contacting Schroder Investor Services, PO Box 1402, Sunderland SR43 4AF (Tel: 0800 182 2399 Fax: 0333 207 4504) or can be downloaded direct from our website <https://www.schroders.com/en/uk/private-investor/fund-centre/changes-to-funds>

This document relates to the following unit classes of Schroder Global Cities Real Estate Income:

Fund Name	Class	Inc / Acc	CCY	ISIN	Sedol	TA Code
Schroder Absolute Return Bond Fund	A	Accumulation	GBP	GB0007905945	0790594	GBA
Schroder Absolute Return Bond Fund	A	Income	GBP	GB0007905721	0790572	GBI
Schroder Absolute Return Bond Fund	L	Accumulation	GBP	GB00BDD27793	BDD2779	AD1
Schroder Absolute Return Bond Fund	L	Income	GBP	GB00BDD27918	BDD2791	AD2
Schroder Absolute Return Bond Fund	X	Income	GBP	GB00BRK12K52	BRK12K5	AEI
Schroder Absolute Return Bond Fund	X	Income (monthly)	GBP	GB00BF785V77	BF785V7	A4I
Schroder Absolute Return Bond Fund	Z	Accumulation	GBP	GB00B57BFC79	B57BFC7	ZGA
Schroder Absolute Return Bond Fund	Z	Income	GBP	GB00B5W01T86	B5W01T8	ZGI

Contents

Glossary of Terms	4
Expected timetable for the proposed changes	5
Letter from Paul Truscott, a director of Schroder Unit Trusts Limited, detailing:	6
1. Proposed changes to the Fund's:	
(a) Investment Objective and Policy;	
(b) Name; and	
(c) Fees.	
2. Costs and Expenses	
3. Consents and Approvals	
4. Procedure	
5. Documents available for inspection	
6. Recommendation and action to be taken	
Appendix 1: Comparison of the existing and proposed Investment Objective, Policy and benchmarks of the Fund	12
Appendix 2: Proposed sustainability criteria and exclusions thresholds for the Fund	14
Appendix 3: Fee Changes	17
Appendix 4: Notice of Meeting of Unitholders	18

Glossary of Terms

Terms shall be as defined below or as defined in the prospectus of the Schroder Absolute Return Bond Fund.

COLL	the Collective Investment Schemes Sourcebook, as amended from time to time and forming part of the FCA Rules;
Effective Date	21 February 2022, assuming Unitholder approval is obtained at the meeting of Unitholders in the Schroder Absolute Return 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	00:00 GMT on the Effective Date;
Extraordinary Resolution	an extraordinary resolution of the Unitholders in the Schroder Absolute Return Bond Fund required to approve the changes set out in this circular;
FCA	the Financial Conduct Authority;
FCA Rules	the FCA's Handbook of Rules and Guidance;
Fund	Schroder Absolute Return Bond Fund;
Manager	Schroder Unit Trusts Limited, as the manager of the Fund;
Trustee	J.P. Morgan Europe Limited;
Unit	a unit in the Fund; and
Unitholder	a holder of Units in the Fund.

Expected timetable for the proposed changes

Date and time at which investors must hold Units in order to be eligible to vote	12:00 GMT on 10 January 2022
Despatch circular to Unitholders	17 January 2022 (Mailing date)
Last date and time for receipt of forms of proxy	09:00 GMT on 9 February 2022
Meeting of Unitholders	09:00 GMT on 11 February 2022
Result of Extraordinary Resolution posted on website	By 14 February 2022

If the Extraordinary Resolution is passed

Effective Date	00:00 GMT on 21 February 2022
Fund restructure to continue until	28 February 2022

Schroder Unit Trusts Limited

Registered No. 04191730

1 London Wall Place London
EC2Y 5AU

Telephone: 0800 182 2399 Fax: 0333 207 4504

Authorised and regulated by the FCA

17 January 2022 (Mailing Date)

To the Unitholders of the Schroder Absolute Return Bond Fund (the Fund)

Dear Unitholder

Proposal for certain changes to Schroder Absolute Return Bond Fund (including to the name and the investment objective and policy) (the Proposal)

We, Schroder Unit Trusts Limited, are writing to you as the Manager of the Fund to tell you of our Proposal to make certain changes to the Fund as detailed below. These amendments require the approval of Unitholders, and you will be asked to approve them via proxy appointment of the Chairman at a virtual Extraordinary General Meeting of Unitholders, to be held over Cisco WebEx virtual conferencing software at 09:00 GMT on 11 February 2022 (Meeting date).

A virtual meeting is being held due to the extraordinary circumstances caused by the COVID-19 pandemic, and there will be no option to attend the meeting in person, or vote in person. All voting must be via proxy appointment of the Chairman. Should you wish to join the virtual meeting, the dial-in details can be shared on request by emailing schrodersinvestor@hsbc.com.

The proposed changes are:

- i) amending the Fund's investment objective and policy;
- ii) changing the Fund's name; and
- iii) a reduction in fees.

If these changes are approved by the required majority at this meeting, they will be effective from 21 February 2022 (the Effective Date).

If you are a Unitholder on the date seven days before the Notice is sent out, you will be entitled to vote at this meeting by completing the enclosed physical form of proxy and posting it to Schroder Unit Trusts Limited, Paragon Customer Communications, Pallion Trading Estate, Sunderland SR4 6ST. As this is a virtual meeting, there will be no voting in person and all votes must be made via proxy appointment of the Chairman. 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 (by 09:00 GMT on 9 February 2022).

If returning a form of proxy vote by post in the provided return envelope is not possible, we may accept a form of proxy received via email, provided it has been completed correctly. To facilitate this, the form of proxy must be sent to schroders@paragon-cc.com with a covering email stating that the sender accepts that they will be bound by the electronic form of proxy attached as though it had been delivered in hard copy in accordance with the circular. The sender must also state that they agree to sending a hard copy by post for our records as soon as reasonably possible.

The Notice convening the extraordinary general meeting of Unitholders in the Fund is set out in Appendix 4. Subject to the passing of the Extraordinary Resolution, the current Prospectus of the Fund will be amended and reissued.

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

1. Proposed changes

a) *Investment Objective and Policy*

We have identified the Fund as a candidate for rationalisation following the annual Assessment of Value, which the FCA introduced following the Asset Management Market Study (AMMS). The Fund has not consistently met its investment objective, and underperformed its target benchmark in 2020, and over a three year period and over a five year period. Fund underperformance has been paired with reduced client demand for this style of strategy and has led to limited growth in AUM. We are therefore proposing to restructure the fund in to a more commercially viable strategy with an increased potential for growth.

Given this, we are proposing to adapt the investment approach of the Fund to a total return strategy with a sustainable focus in order to meet demand for products which take into account sustainability criteria.

The proposed strategy for the Fund will be centred around people and the planet, allocating capital to sovereign and corporate issuers that are acting in a sustainable manner and are contributing towards a more economically sustainable future over the medium to long term. We believe that this restructure is consistent with client desire to allocate capital to managers that can clearly demonstrate investment in companies who adopt positive sustainability practices.

The restructured Fund will aim to provide income and capital growth in excess of the ICE BofA Sterling 3-Month Government Bill index plus 2.5% (after fees have been deducted) over any three to five year period, by investing directly in fixed and floating securities issued by governments, government agencies and companies worldwide which meet the Investment Manager's sustainability criteria. The fund will continue to have the ability to invest in securities in emerging markets and less developed markets worldwide. The Fund will maintain a positive absolute sustainability score based on the Investment Manager's rating criteria. Please see the Appendix to this circular for the current and proposed investment objective and policy.

As a result of the proposed restructure the Fund will transition from an absolute return strategy to a total return strategy. A prerequisite of an absolute return bond strategy is the ability to hold 100% cash and cash equivalents in a bond bear market, to minimise the chance of negative absolute return over the investment time period. In comparison, the proposed strategy will be a minimum of 80% invested in fixed income securities (issued in or hedged back to sterling) and cannot hold 100% cash and cash equivalents. This minimum investment in fixed income securities also aligns with the Sterling Strategic Bond Investment Association peer group, where all funds must have at least 80% investment in bonds. Accordingly, the IA sterling strategic bond average return will become a comparator benchmark for the Fund, improving client's ability to compare fund performance versus peers.

The Fund currently has a synthetic risk and reward indicator (SRRI), of 3. A SRRI is a numerical scale between 1 and 7; with 1 meaning low risk/reward and 7 a higher level of risk but with the potential for a higher level of return. For the future strategy, the SRRI has been adjusted upwards to 4, which reflects the higher risk/reward profile outlined in the objectives target return. This higher risk/reward profile is controlled through a maximum Absolute VaR (99%, 1 month) limit of 6.7%. This has been discussed with our independent risk oversight function.

The fund will apply a global fixed income and currency investment process to a newly-defined sustainable universe, which is anchored around people and planet. We believe that the long term prospects of such sovereign and corporate issuers will be superior to those of the companies populating the existing portfolio and provide positive performance over any three to five year period.

From a sovereign bond investment perspective, the strategy will use the UN Sustainable Development Goals (SDGs) as an anchor when defining a sustainable universe, as these SDGs are independent and universally agreed. This approach is enhanced by adjusting for the income disparity between developed and developing countries which, left unadjusted for, would unduly penalise lower income countries that are working to sustainably improve the outlook for their economy, society, and environment. We believe this to be an innovative approach which addresses the challenges around defining a credible investment universe for sovereign sustainability.

The strategy will also continue to allocate a portion of its portfolio to corporate bonds and will be managed to an established sustainable credit investment process. The process emphasises proprietary bottom-up research contextualised by top-down forward-looking sustainability themes. The strategy employs both positive and negative screening to select companies that will outperform the market over any three to five year period.

We believe that this proposed restructure will positively impact performance because the restructured portfolio will benefit from robust growth experienced by companies operating in a sustainable manner in industries that contribute positively to society. We have therefore adjusted the target benchmark of the strategy to the ICE BofA Sterling 3-Month Government Bill Index plus 2.5%, which the Fund will aim to outperform.

As part of the move from the current strategy to the Schroder Sustainable Bond strategy, the time period over which the investment objective is assessed will change from a rolling 1 year period, to any 3 to 5 year period. The increase in investment horizon is aligned both with the switch to a total return objective and the focus on sustainable investment. Sustainable investments in sovereign and corporate bond issuers may not be readily assessed over a 12 month horizon and changes in the sustainable outlook for issuers, particularly for sovereigns, may take several years.

Please see the comparison between the current and the proposed investment objective and policy, and benchmarks set out in Appendix 1.

Further details of the Fund's sustainability criteria and exclusion thresholds are set out in Appendix 2. The sustainability criteria will also be included in the Fund Characteristics section of the Prospectus and the exclusions thresholds will be listed under "Sustainability Information" on the website via www.schroders.com/en/uk/private-investor/gfc following the restructure.

We estimate that the restructure from the Fund's current holdings, into the proposed strategy will require approximately 100% portfolio turnover. The Fund will begin to restructure its portfolio of investments from the current holdings on the Effective Date, and this restructure will continue until 28 February 2022. During this time the Fund may not be managed in line with its investment objective and policy.

b) *Change in the name of the Fund*

On the Effective Date the Fund's name will be changed from Schroder Absolute Return Bond Fund to Schroder Sustainable Bond Fund. The change of name reflects the change in investment approach of the Fund, as it will no longer utilise an Absolute Return strategy. The name also reflects that the Fund will invest in assets which meet its sustainability criteria going forward and will therefore be labelled 'Sustainable'.

c) *A reduction in Fund's fees*

As part of our continued focus on improving investment outcomes for our customers, we have decided to reduce the fees applying to Units in the Fund from the effective date. The unit classes that are affected and their revised SACs and OGCs are as set out in Appendix 3 to this letter.

2. Costs and Expenses

The costs and expenses of the proposed changes including the costs of convening and holding the Unitholder meeting will be paid for by Schroder Unit Trusts Limited.

Any costs incurred in respect of the restructuring of the portfolio of investments of the Fund from the current holdings, to holdings which meet the sustainability criteria, will be borne by the Fund. It is estimated that such costs (including taxes) will be 20 basis points (i.e. 0.20% or £20 for every £10,000 held).

3. Consents and Approval

The Trustee has confirmed in writing to the Manager that whilst making no recommendations nor offering any opinion on the fairness or merits of the proposed changes as such (which is a matter for each Unitholder), it consents to the references to it in this letter and the attached Notice in the form and context in which they appear.

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

4. Procedure

The Notice convening the Extraordinary General Meeting of Unitholders in the Fund appears in Appendix 4 and sets out the proposed Extraordinary Resolution.

Quorum and voting requirements

To be passed, the Extraordinary Resolution requires a majority in favour of not less than 75 per cent of the total number of votes validly cast at the meeting (in this case via form of proxy received no later than 48 hours prior to the meeting), so it is important that you exercise your right to vote. The quorum for the meeting is two Unitholders present 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 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 validly cast via proxy at the meeting. Persons who are Unitholders on the date seven days before the Notice is sent out are entitled to vote. Once passed, the Extraordinary Resolution is binding on all Unitholders in the Fund whether or not they have voted, or if they have voted whether or not they have voted in favour of such Extraordinary Resolution, and shall be carried into effect accordingly.

In view of the importance of the Proposal the Chairman of the meeting will call for a poll of proxy votes 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.

Joint Holders

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

The Manager

The Manager is entitled to attend the meeting but shall not be entitled to vote or be counted in a quorum at the meeting, nor any adjournment. If the registered holder of any Units is an associate of the Manager, that associate will only be entitled to exercise the voting rights in respect of those Units if they are held by it jointly with or on behalf of a person who, if he himself was the sole registered Unitholder, would be entitled to vote, and from whom voting instructions have been received. Such associates of the Manager holding Units are entitled to be counted in a quorum.

The Chairman

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

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

5. Documents available for inspection

Copies of the following documents are available on request from the following email address schrodersinvestor@hsbc.com until the date of the meeting or of any adjournment thereof:

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

6. Recommendation and action to be taken

We believe that the proposed changes are in the best interests of Unitholders and we recommend that you vote in favour of the Proposal. If the proposed changes are not approved by Unitholders of the Fund it will continue to be managed in its current form. Please note, however, that in these circumstances it is likely that we will review the on-going position of the Fund in our wider fund range and this may lead to us proposing further changes in due course.

Before you make your decision, we recommend that you read the rest of this Proposal and, in particular, Appendix 4 which contains the Notice of meeting of Unitholders.

The results of the vote will be published on 14 February 2022 on our website at <https://www.schroders.com/en/uk/private-investor/fund-centre/changes-to-funds>.

If you are unclear about any information provided or have any questions concerning the Proposal, please contact Schroder Investor Services on: 0800 182 2399. For your security and to improve the quality of our service, calls may be recorded. Please be aware that we are not able to give you investment advice on the proposed changes. If you are uncertain as to how to respond to this document, you should consult your professional adviser.

Whether or not you intend to join the meeting please complete and return the enclosed form of proxy in the prepaid envelope provided to Schroder Unit Trusts Limited, Paragon Customer Communications, Pallion Trading Estate, Sunderland SR4 6ST. It must arrive on or before 09:00 GMT on 9 February 2022.

If returning a form of proxy vote by post in the provided return envelope is not possible, we may accept a form of proxy received via email, provided it has been completed correctly. To facilitate this, the form of proxy must be sent to schroders@paragon-cc.com with a covering email stating that the sender accepts that they will be bound by the electronic form of proxy attached as though it had been delivered in hard copy in accordance with the circular. The sender must also state that they agree to sending a hard copy by post for our records as soon as reasonably possible.

If you would like to pose any questions to the Chairman prior to returning your form of proxy, please contact schrodersinvestor@hsbc.com. Return of the form of proxy will not preclude you from joining the meeting, however please contact schrodersinvestor@hsbc.com for dial-in details if you would like to attend the meeting.

Please note that there will not be any opportunity to amend your vote once your form of proxy has been returned.

Yours faithfully



Paul Truscott
Director
Schroder Unit Trusts Limited

Appendix 1: Comparison of the existing and proposed Investment Objective, Policy and benchmarks of the Fund

Current Investment Objective, Policy and Benchmarks

Current Objective:

The Fund aims to provide an absolute return of the ICE BofA Sterling 3-Month Government Bill Index plus 1% (after fees have been deducted) over rolling 12-month periods by investing directly or indirectly in fixed and floating rate securities issued by governments, government agencies and companies worldwide. Absolute returns means the Fund seeks a positive return over rolling 12-month periods in all market conditions, but this cannot be guaranteed and your capital is at risk.

Proposed Investment Objective, Policy and Benchmarks

Proposed Objective changes:

The Fund aims to provide income and capital growth in excess of the ICE BofA Sterling 3-Month Government Bill index plus 2.5% (after fees have been deducted) over any three to five year period, by investing directly in fixed and floating rate securities issued by governments, government agencies and companies worldwide which meet the Investment Manager's sustainability criteria.

Current Investment Policy:

The Fund is actively managed and invests at least 80% of its assets directly, or indirectly through derivatives, in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide. As the Fund is index unconstrained it is managed without reference to an index.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may invest up to 100% of its assets in asset-backed securities and mortgage-backed securities.

The Fund may also invest directly or indirectly in securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds) and money market instruments, and hold cash.

Proposed Investment Policy changes:

The Fund is actively managed and invests at least 80% of its assets directly, in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide, (including emerging markets and less developed markets), which meet the Investment Manager's sustainability criteria (please see the Fund Characteristics section of the prospectus for more detail).

The Fund maintains a positive absolute sustainability score based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.

The Fund does not directly invest in certain activities, industries or groups of issuers above certain limits listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/uk/private-investor/gfc.

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

The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/uk/private-investor/strategic-capabilities/sustainability/disclosures.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may invest up to 40% of its assets in asset-backed securities, specifically whole business corporate loans, and covered bonds.

The Fund may also invest directly or indirectly in securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds) and money market instruments and hold cash.

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

Current Benchmarks:

The Fund's performance should be assessed against its target benchmark of the ICE BofA Sterling 3-Month Government Bill Index .

Proposed Benchmark changes:

The Fund's performance should be assessed against its target benchmark of the ICE BofA Sterling 3-Month Government Bill Index plus 2.5% and compared against the Investment Association Sterling Strategic Bond sector average return.

Appendix 2: Proposed sustainability criteria and exclusions thresholds for the Fund

Proposed sustainability criteria

The Investment Manager applies sustainability criteria when selecting investments for the Fund and to the construction of the investment universe from which the Fund's sovereign and corporate bond investments are selected.

For sovereign bonds, only those sovereign issuers whose activities and behaviours are independently measured as being in line with the UN Sustainable Development Goals are included, while countries making insufficient progress are not eligible for inclusion in the universe. To further support the objective of allocating capital only to issuers that can demonstrate behaviour in line with the UN SDGs, countries are also judged on other core criteria relating to the level of political and civil liberty afforded to their citizens and to their commitments to addressing climate and environmental issues. Exceptions to the criteria may be permitted through allocation to sovereign green, social and sustainability (SGSS) bonds from sovereigns that would otherwise be excluded.

Building on the foundation of the defined sustainable universe, the Investment Manager applies a top-down thematic investment process to allocate capital and risk to selected investment opportunities from the sovereign universe, and to credit holdings.

For corporate bond selection – which is performed by the Investment Manager's specialist credit investment teams based on the evolution of top-down sustainable-driven themes and bottom-up assessment of individual issuers – the Fund aims to identify issuers demonstrating good or improving sustainability credentials. This involves the inclusion of issuers that demonstrate stable and improving sustainability trajectories, and issuers demonstrating good governance based on the Investment Manager's sustainability rating methodology, while excluding issuers that the Investment Manager identifies as materially damaging to the environment or that impose unjustifiable social costs.

The Fund is permitted to invest in certain asset-backed securities (ABS) - specifically whole business corporate loans; and covered bonds. Sustainability assessment for whole business corporate loans and covered bonds is performed by the Investment Manager's specialist credit investment teams as set out for corporate bonds above.

The primary sources of information used to perform this analysis are the Investment Manager's proprietary tools and research, third-party research, NGO reports and expert networks. For corporate issuers the Investment Manager also performs its own analysis of publicly available information provided by the companies, including information provided in company sustainability reports and other relevant company material.

The permitted universe and specific exclusions for Corporate bonds are shown below:

Social and human rights revenue based exclusions

- Alcohol production (5%)
- Tobacco production and distribution (5%)
- Gambling (5%)
- Adult entertainment (5%)
- Conventional weapons (5%)
- Civilian Firearms (5%)
- Nuclear weapons (Not Permitted)
- Biological Weapons Not Permitted
- Chemical Weapons (Not Permitted)
- Uranium weapons (Not Permitted)
- Landmines (Not Permitted)
- Cluster munitions (Not Permitted)

Environmental revenue based exclusions

- Thermal Coal Production (5%)
- Thermal Coal Generation (10%)
- Unconventional oil and gas exploration and production (5%)
- Tar sands (5%)
- Uranium extraction (5%)
- Nuclear energy (5%)

Max energy generation exclusions

- Nuclear Power Generation (30%)
- Oil and gas-powered energy generation (30%)
- Thermal coal energy generation (10%)
- The Fund also does not invest in any company on the Carbon Underground 200 list.

The specific exclusions for government bonds are shown below:

Proposed exclusion thresholds (listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/uk/private-investor/gfc following restructure)

- The fund excludes countries classified as 'Not free' according to Freedom House.
- The fund excludes countries that do not have a net zero pledge according to the Energy & Climate intelligence Unit
- Countries must comply with the United Nations Global Compact

Appendix 3: Fee Changes

Fund	Unit class	Current Schroders Annual Charge ("SAC")	New SAC	Current Ongoing Charge ("OGC")*	New OGC
Schroder Absolute Return Bond Fund	A Acc	1.05%	0.60%	1.05%	0.60%
Schroder Absolute Return Bond Fund	A Inc	1.05%	0.60%	1.05%	0.60%
Schroder Absolute Return Bond Fund	L Acc	0.60%	0.40%	0.60%	0.40%
Schroder Absolute Return Bond Fund	L Inc	0.60%	0.40%	0.60%	0.40%
Schroder Absolute Return Bond Fund	X Inc	0.05%	No change	0.05%	No change
Schroder Absolute Return Bond Fund	X Inc (Monthly)	0.05%	No change	0.05%	No change
Schroder Absolute Return Bond Fund	Z Acc	0.65%	0.50%	0.65%	0.50%
Schroder Absolute Return Bond Fund	Z Inc	0.65%	0.50%	0.65%	0.50%

***Please note that the SAC forms part of the OGC, and is not a separate fee. For more information on how fees are structured, visit www.schroders.co.uk/privateinvestor and go to "Investing with us".**

Appendix 4: Notice of Meeting of Unitholders

NOTICE IS HEREBY GIVEN that a meeting of the Unitholders in the Schroder Absolute Return Bond Fund (the Fund), will be held on Cisco WebEx virtual conferencing platform at 09:00 GMT on 11 February 2022 (please contact schrodersinvestor@hsbc.com for dial-in details) to consider and, if thought fit, to pass the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

That:

- a) the changes to the Fund set out in the Proposal letter dated 17 January 2022 (Mailing Date) from Schroder Unit Trusts Limited (the Manager) to the Unitholders of the Fund, be and are hereby approved; and
- b) the Manager and J.P. Morgan Europe Limited are hereby authorised and directed to do all things necessary to effect the Proposal and in connection therewith to make such amendments to the Trust Deed and Prospectus of the Fund as they deem necessary to implement the changes approved in this Extraordinary Resolution.



Paul Truscott
Director

Schroder Unit Trusts Limited
1 London Wall Place
London
EC2Y 5AU

Notes

1. Due to the current COVID-19 pandemic, the meeting will be virtual only and held on Cisco WebEx virtual conferencing platform. **Dial-in details to the Meeting can be requested by emailing schrodersinvestor@hsbc.com.**
2. Also due to the current COVID-19 pandemic, all voting will be via proxy appointment of the chairman. There will be no opportunity to vote at the virtual meeting. If a Unitholder wishes to propose a motion to adjourn during the course of the meeting, this should be brought to our attention when returning the form of proxy.
3. To be valid, this form of proxy must be completed and, together with any power of attorney or other authority under which it is signed (or a copy certified by a solicitor), must be lodged with Schroder Unit Trusts Limited, Paragon Customer Communications, Pallion Trading Estate, Sunderland SR4 6ST, no later than 09:00 GMT on 9 February 2022. A physical form of proxy is enclosed. If returning a form of proxy vote by post in the provided return envelope is not possible we may accept a form of proxy received via email, provided it has been completed correctly. To facilitate this, the form of proxy must be sent to schroders@paragon-cc.com with a covering email stating that the sender accepts that they will be bound by the electronic form of proxy attached as though it had been delivered in hard copy in accordance with the circular. The sender must also state that they agree to sending a hard copy by post for our records as soon as reasonably possible
4. The quorum for the meeting is two Unitholders present 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.
5. 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 by proxy appointment prior to the meeting.
6. At the meeting a poll of proxy votes will be taken. 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.



EST. 1804

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