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17 February 2015

Dear «Unitholder name»

Account number: <unitholder id>
Forthcoming changes: Schroder Absolute UK Dynamic Fund

I am writing to inform you of changes we are making to the Schroder Absolute UK Dynamic Fund (the Fund), a sub-Fund of Schroder Absolute Return Fund Company. This letter is for your information only and you are not required to take any action.

Re-opening of the Fund to Share Subscriptions

The Schroder Absolute UK Dynamic Fund was closed to further subscription in both the P1 and P2 class shares from 12 p.m. on 6 November 2013 under its limited issue provisions. The decision to close the Fund to new subscriptions was taken following significant inflows throughout 2013.

There is now sufficient capacity in the Fund for us to accept new share subscriptions and we will, therefore, be re-opening the Fund to subscriptions as from today.

Change in the Fund's Dealing Arrangements

Please note that from 23 April 2015 the Fund's dealing frequency will be changed from daily dealing to weekly dealing. Every Thursday from 23 April 2015 will be a Dealing Day except where the Dealing Day does not fall on a Business Day (being a day on which the London Stock Exchange is open for business) in which case the Dealing Day will be the following Business Day.

Shareholders wishing to buy (subscribe) or sell (redeem) shares in the Fund will now be required to provide us with their dealing instructions before 12.00 p.m. on the Business Day prior to the relevant Dealing Day. Any subscriptions or redemption instructions received after this time will be carried forward to the next available Dealing Day.

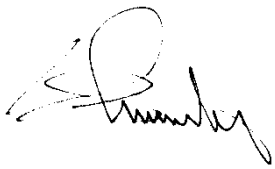
Why are we changing the Dealing Arrangements?

Since the financial crisis of 2008 there has been declining liquidity within the UK equity market which has significantly impacted the mid and small cap sector. Whilst the Fund invests in a broad range of UK companies, the investment focus is towards mid and small cap stocks. Consequently the speed, volume and price impact of the Fund's share trading has been affected by reduced market liquidity. To assist the fund manager to manage more effectively the buying and selling of the Fund's underlying holdings, we have decided to move the Fund from daily dealing to weekly dealing. In addition, investors will be required to place dealing instructions with us at least 24 hours before the defined dealing point. The introduction of weekly dealing and the change to the dealing cut off time should provide for a more controlled flow of subscriptions and redemptions which will consequently enable the fund manager to manage more effectively the buying and selling of shares in the Fund's portfolio of investments.

Registered Office at above address. Registered Number 4191730 England.
Schroder Unit Trusts Limited is an authorised corporate director, an authorised unit trust manager and an ISA plan manager, and is authorised and regulated by the Financial Conduct Authority.
For your security, telephone conversations may be recorded.

If you have any questions regarding this letter then, in the first instance, please contact your financial adviser. Alternatively you can speak to a member of our Investor Services Team on 0800 718 777 but please be aware that Schroders does not offer investment advice. If you do not have a financial adviser you can find one in your area by visiting **schroders.co.uk/unbiased**.

Yours sincerely



Robin Stoakley
Director
Schroder Unit Trusts Limited