

IMPORTANT: This letter is important and requires your attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Hong Kong) Limited being the manager of the following fund accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

Unless otherwise stated herein, capitalised terms in this notice shall have the same meaning(s) as defined in the explanatory memorandum of the Fund dated December 2019, as amended (“**Explanatory Memorandum**”).

20 March 2020

Dear Unitholder

Schroder Balanced Investment Fund, Schroder Capital Stable Fund, Schroder Growth Fund and Schroder Stable Growth Fund (each a “**Fund**” and together the “**Funds**”)

We are writing to inform you of the proposed amendments to the investment policy of the Funds. References to “Fund” hereafter shall mean each of Schroder Balanced Investment Fund, Schroder Capital Stable Fund, Schroder Growth Fund or Schroder Stable Growth Fund.

A. Amendments to investment policy

The Funds are currently a fund of funds. With effect from 20 April 2020 (“**Effective Date**”), changes will be made to the investment policy (“**Investment Policy Change**”) to provide the flexibility for each of the Funds to make direct investments in addition to investment through other funds and to acquire financial derivative instruments for hedging as well as non-hedging purposes, and to remove the restriction that each Fund must invest in at least five Underlying Schemes (as defined below) with not more than 30% of the Fund’s net asset value allocated to any one such Underlying Scheme. For the avoidance of doubt, each Fund’s net derivative exposure will remain to be up to 50% of the Fund’s latest available net asset value. Further details are set out below:

1. Schroder Balanced Investment Fund	
Former Disclosures relating to Investment Policy	Amended Disclosures relating to Investment Policy
<u>Principal Features</u> Investment in funds investing in quoted securities, government bonds and cash deposits worldwide.	<u>Principal Features</u> Investment in quoted securities, and fixed income securities, other asset classes and money market instruments and cash worldwide directly or through

Investment Objective and Policy

The Fund is a fund of funds. The Fund's investment objective is capital growth in HK dollars through investment in funds ("Underlying Schemes") investing in quoted equities and fixed interest securities, government bonds and cash deposits in any part of the world.

The Manager uses the freedom given by this authority to produce an overall portfolio which is suitable for long term investment accounts seeking capital growth in Hong Kong dollars. This broad investment policy, across securities markets and by asset allocation, is designed to produce a balanced portfolio particularly suitable for pension or provident funds, and other investors seeking medium risk returns.

The Fund will invest in at least five Underlying Schemes with not more than 30 per cent. of the Fund's net asset value allocated to any one such Underlying Scheme.

Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in

investment in funds investing in the foregoing investments.

Investment Objective and Policy

The Fund's investment objective is capital growth in HK dollars through investing in quoted equities, and fixed income securities, other asset classes and money market instruments and cash in any part of the world directly or through investment in funds (including qualified exchange traded funds) ("Underlying Schemes") investing in the foregoing investments. The Fund may directly invest up to 90% of its net asset value in quoted equities and up to 50% of its net asset value in fixed income securities. The Fund's investment is not subject to any prescribed limit on the region, country, industry, credit rating or market capitalisation of the investment.

Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may, if the Manager considers fit, seek exposure of not more than 15% of its net asset value to other asset classes including but not limited to commodities (including energy, metals and agricultural commodities) indirectly through Underlying Schemes.

The Fund will actively allocate between different asset classes including equities, fixed income securities, other asset classes, money market instruments and cash to achieve the Fund's objectives. The Fund will also make changes to the regional allocation within each of the asset class. The Fund uses a risk-premia approach to analyse different asset classes to identify the driving forces behind the risks and returns of asset classes. The analysis is based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Money market instruments and cash will be treated as a

monitoring the derivative exposure or risk of the UCITS schemes.

Use of Derivatives

The Fund may acquire financial derivative instruments for hedging purposes.

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.

separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the Fund also aims to achieve its investment objectives through investment in the Underlying Schemes, which perform active security selection. The allocation to the Underlying Schemes is actively managed based on the Underlying Schemes' investment universes, investment strategies, risk and return profiles and the prevailing market conditions.

The Fund's expected asset allocation ranges for each asset class, either directly or through investment in Underlying Schemes, is expected to be the following:

Equities: 50 – 90%

Fixed income: 10 – 50%

Other asset classes: 0 – 15%

Money market instruments and cash: 0 – 30%

The Fund may acquire financial derivative instruments for hedging and non-hedging purposes.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme ^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

Use of Derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive

	collateral from counterparty to reduce counterparty exposure or for collateral netting.
2. Schroder Capital Stable Fund	
Former Disclosures relating to Investment Policy	Amended Disclosures relating to Investment Policy
<p><u>Principal features</u></p> <p>Investment in funds investing in fixed interest securities, bonds, cash and equities.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund is a fund of funds. The Fund's investment objective is capital preservation combined with steady capital appreciation in HK dollars over the long term. The Fund will invest in funds ("Underlying Schemes") investing in fixed interest securities, government bonds, cash deposits and in quoted equities in any part of the world.</p> <p>The Manager intends to produce a portfolio suitable for long term investment accounts seeking capital growth and the preservation of capital against short term market volatility. This broad investment policy is designed to produce a balanced portfolio particularly suitable for pension or provident funds, and other investors seeking low risk returns.</p> <p>The Fund will invest in at least five Underlying Schemes with not more than 30 per cent. of the Fund's net asset value allocated to any one such Underlying Scheme.</p> <p>Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.</p> <p>The Fund may invest in Underlying Schemes of which the net derivative exposure is more than</p>	<p><u>Principal features</u></p> <p>Investment in fixed income securities, other asset classes, money market instruments and cash, and quoted equities worldwide directly or through investment in funds investing in the foregoing investments.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund's investment objective is capital preservation combined with steady capital appreciation in HK dollars over the long term. The Fund will invest in fixed income securities, other asset classes, money market instruments and cash and in quoted equities in any part of the world directly or through investment in funds (including qualified exchange traded funds) ("Underlying Schemes") investing in the foregoing investments. The Fund may directly invest up to 50% of its net asset value in quoted equities and up to 90% of its net asset value in fixed income securities. The Fund's investment is not subject to any prescribed limit on the region, country, industry, credit rating or market capitalisation of the investment.</p> <p>Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.</p> <p>The Fund may, if the Manager considers fit, seek exposure of not more than 15% of its net asset value to other asset classes including but not limited to commodities (including energy, metals and agricultural commodities) indirectly through Underlying Schemes.</p>

50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme ^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

Use of Derivatives

The Fund may acquire financial derivative instruments for hedging purposes.

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.

The Fund will actively allocate between different asset classes including equities, fixed income securities, other asset classes, money market instruments and cash to achieve the Fund's objectives. The Fund will also make changes to the regional allocation within each of the asset class. The Fund uses a risk-premia approach to analyse different asset classes to identify the driving forces behind the risks and returns of asset classes. The analysis is based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Money market instruments and cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the Fund also aims to achieve its investment objectives through investment in the Underlying Schemes, which perform active security selection. The allocation to the Underlying Schemes is actively managed based on the Underlying Schemes' investment universes, investment strategies, risk and return profiles and the prevailing market conditions.

The Fund's expected asset allocation ranges for each asset class, either directly or through investment in Underlying Schemes, is expected to be the following:

Equities: 10 – 50%

Fixed income: 40 – 90%

Other asset classes: 0 – 15%

Money market instruments and cash: 0 – 30%

The Fund may acquire financial derivative instruments for hedging and non-hedging purposes.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme ^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United

	<p><i>Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.</i></p> <p><u>Use of Derivatives</u></p> <p>The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.</p> <p>In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.</p>
<p>3. Schroder Growth Fund</p>	
<p>Former Disclosures relating to Investment Policy</p>	<p>Amended Disclosures relating to Investment Policy</p>
<p><u>Principal features</u></p> <p>Investment primarily in funds investing in quoted equities in any part of the world.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund is a fund of funds. The Fund will invest primarily in funds ("Underlying Schemes") investing in quoted equities on a global basis with the investment objective of achieving long term capital growth in HK dollars. The Fund may also invest in funds investing in fixed-interest securities, government bonds and cash deposits in any part of the world.</p> <p>The Manager will use the freedom given by this broad investment policy to produce an equity portfolio which is suitable for long term investment accounts seeking capital growth. Income will be a secondary consideration in the investment policy.</p> <p>The Fund will invest in at least five Underlying Schemes with not more than 30 per cent. of the Fund's net asset value allocated to any one such Underlying Scheme.</p> <p>Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC")</p>	<p><u>Principal features</u></p> <p>Investment primarily in quoted equities in any part of the world directly or through investment in funds investing in quoted equities.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund will invest primarily in quoted equities on a global basis directly or through investment in funds (including qualified exchange traded funds) ("Underlying Schemes") investing in quoted equities, with the investment objective of achieving long term capital growth in HK dollars. The Fund may also invest in fixed income securities, other asset classes and money market instruments and cash in any part of the world directly or through investment in Underlying Schemes investing in the foregoing investments. The Fund may directly invest up to 100% of its net asset value in quoted equities and up to 30% of its net asset value in fixed income securities. The Fund's investment is not subject to any prescribed limit on the region, country, industry, credit rating or market capitalisation of the investment.</p> <p>Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and</p>

(except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds (“UT Code”)) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund’s net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme’s latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund’s net asset value.

Note: “Eligible schemes” refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

Use of Derivatives

The Fund may acquire financial derivative instruments for hedging purposes.

The Fund’s net derivative exposure may be up to 50% of the Fund’s latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.

Mutual Funds (“UT Code”)) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund’s net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may, if the Manager considers fit, seek exposure of not more than 15% of its net asset value to other asset classes including but not limited to commodities (including energy, metals and agricultural commodities) indirectly through Underlying Schemes.

The Fund will actively allocate between different asset classes including equities, fixed income securities, other asset classes, money market instruments and cash to achieve the Fund’s objectives. The Fund will also make changes to the regional allocation within each of the asset class. The Fund uses a risk-premia approach to analyse different asset classes to identify the driving forces behind the risks and returns of asset classes. The analysis is based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Money market instruments and cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the Fund also aims to achieve its investment objectives through investment in the Underlying Schemes, which perform active security selection. The allocation to the Underlying Schemes is actively managed based on the Underlying Schemes’ investment universes, investment strategies, risk and return profiles and the prevailing market conditions.

The Fund’s expected asset allocation ranges for each asset class, either directly or through investment in Underlying Schemes, is expected to be the following:

- Equities: 70 – 100%
- Fixed income: 0 – 30%
- Other asset classes: 0 – 15%
- Money market instruments and cash: 0 – 30%

	<p>The Fund may acquire financial derivative instruments for hedging and non-hedging purposes.</p> <p>The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme ^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.</p> <p><i>Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.</i></p> <p><u>Use of Derivatives</u></p> <p>The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.</p> <p>In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.</p>
<p>4. Schroder Stable Growth Fund</p>	
<p>Former Disclosures relating to Investment Policy</p>	<p>Amended Disclosures relating to Investment Policy</p>
<p><u>Principal features</u></p> <p>Investment in funds investing in quoted securities and fixed interest securities and bonds worldwide.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund is a fund of funds. The Fund's investment objective is capital appreciation in HK dollars through investment in funds ("Underlying Schemes") investing in quoted equities and fixed interest securities, government bonds and cash deposits in any part of the world. The Manager intends to adopt a relatively balanced approach towards bonds and equities exposure in the Fund</p>	<p><u>Principal features</u></p> <p>Investment in quoted securities, and fixed income securities, other asset classes and money market instruments and cash worldwide directly or through investment in funds investing in the foregoing investments.</p> <p><u>Investment Objective and Policy</u></p> <p>The Fund's investment objective is capital appreciation in HK dollars through investing in quoted equities, and fixed income securities, other asset classes and money market instruments and cash in any part of the world directly or through</p>

with the objective of achieving capital appreciation with minimal short term performance volatility.

The Manager intends to use the freedom given by this policy to produce a portfolio suitable for long term investment accounts seeking capital growth and the preservation of capital against short term market volatility. This broad investment policy is designed to produce a balanced portfolio particularly suitable for pension or provident funds, and other investors seeking medium risk returns.

The Fund will invest in at least five Underlying Schemes with not more than 30 per cent. of the Fund's net asset value allocated to any one such Underlying Scheme.

Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

investment in funds (including qualified exchange traded funds) ("Underlying Schemes") investing in the foregoing investments. The Fund may directly invest up to 70% of its net asset value in quoted equities and up to 70% of its net asset value in fixed income securities. The Fund's investment is not subject to any prescribed limit on the region, country, industry, credit rating or market capitalisation of the investment. The Manager intends to adopt a relatively balanced approach towards bonds and equities exposure in the Fund with the objective of achieving capital appreciation with minimal short term performance volatility.

Up to 100% of the Fund's net asset value may be invested in Underlying Schemes. The Fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the Fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.

The Fund may, if the Manager considers fit, seek exposure of not more than 15% of its net asset value to other asset classes including but not limited to commodities (including energy, metals and agricultural commodities) indirectly through Underlying Schemes.

The Fund will actively allocate between different asset classes including equities, fixed income securities, other asset classes, money market instruments and cash to achieve the Fund's objectives. The Fund will also make changes to the regional allocation within each of the asset class. The Fund uses a risk-premia approach to analyse different asset classes to identify the driving forces behind the risks and returns of asset classes. The analysis is based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Money market instruments and cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the Fund also aims to achieve its investment objectives through

Use of Derivatives

The Fund may acquire financial derivative instruments for hedging purposes.

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.

investment in the Underlying Schemes, which perform active security selection. The allocation to the Underlying Schemes is actively managed based on the Underlying Schemes' investment universes, investment strategies, risk and return profiles and the prevailing market conditions.

The Fund's expected asset allocation ranges for each asset class, either directly or through investment in Underlying Schemes, is expected to be the following:

- Equities: 30 – 70%
- Fixed income: 30 – 70%
- Other asset classes: 0 – 15%
- Money market instruments and cash: 0 – 30%

The Fund may acquire financial derivative instruments for hedging and non-hedging purposes.

The Fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme ^{Note} which is not authorized by the SFC, will not be more than 30% of the Fund's net asset value.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

Use of Derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

In relation to over-the-counter derivative transactions, the Fund will not hold or receive collateral from counterparty to reduce counterparty exposure or for collateral netting.

Consequential updates to the principal features, the risk factors and other parts of the Explanatory Memorandum of the Funds to take into account the Investment Policy Change will also be made.

Please refer to the Explanatory Memorandum of the Funds, as amended, for further details.

B. Implication of Changes

Save as disclosed in this Notice, the Investment Policy Change will not result in any material change in the features and risk profile of the Funds. As a result of the Investment Policy Change, the Funds will be managed in accordance with the new investment policy. Save for the Investment Policy Change, there is no material change in the operation and/or manner in which the Funds are being managed. The Investment Policy Change does not have a material adverse impact on your rights or interests.

There is no change in the fee level/cost in managing the Funds following the implementation of the Investment Policy Change. The costs and/or expenses that will be incurred in connection with the Investment Policy Change which is expected to be approximately HK\$60,000 for each Fund will be borne by the Funds.

C. Availability of Documents

The Explanatory Memorandum and the Product Key Fact Statement of the Funds will be revised to reflect the Investment Policy Change and the same will be available on or around April 2020. Copies of the amended Explanatory Memoranda and Product Key Fact Statements will be available upon request.

D. Enquiry

If you would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,
For and on behalf of
Schroder Investment Management (Hong Kong) Limited



Amy Cho
Chief Executive Officer, Hong Kong