

2 September 2024

Notice to investors

Continuous Disclosure Notice (updated fees and costs) for Schroder Absolute Return Income Fund – Wholesale Class

We are writing to inform investors, as the responsible entity for the Schroder Absolute Return Income Fund – Wholesale Class (**Fund**), that we have assessed that the amounts disclosed in section 6 (Fees and Costs) of the product disclosure statement for the Fund (**PDS**) need to be updated based on amounts paid in the 12 months ending 30 June 2024. We have formed the view that the changes to the fees and costs disclosed in the PDS are not materially adverse to investors. Therefore, the fees and costs amounts are being provided to investors through this website disclosure rather than by issuing a new PDS. Accordingly, all references to fees and costs in section 6 of the PDS dated 14 December 2023, are to be read based on the amounts in the tables below.

Potential investors should read the PDS and this update in its entirety. Capitalised terms have the same meaning as in the PDS, unless stated otherwise.

If you have any queries please contact our Client Services team on (+61) 1300 136 471, or by email to info.au@schroders.com, or by speaking with your Schroders relationship manager.

Fees and costs

As at 30 June 2024, the following fees and costs applied to the Fund.

Fees and costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) MoneySmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

Fees and costs summary

The table below shows the fees and other costs that you may be charged for investing in the Schroder Absolute Return Income Fund – Wholesale Class. These fees and costs may be paid directly from your account or deducted from investment returns. The information in the table can be used to compare the costs between different simple managed investment schemes.

Schroder Absolute Return Income Fund - Wholesale Class

Type of fee or cost*	Amount	How and when paid
Ongoing annual fees and costs**		
Management fees and costs The fees and costs for managing your investment ¹	Estimated to be 0.55% p.a. of the Net Asset Value (NAV) of the Fund, comprised of: 1. A management fee of 0.54% p.a. of the NAV of the Fund.*** 2. Estimated indirect costs of 0.01% p.a. of the NAV of the Fund. 3. Estimated expense recoveries of 0% p.a. of the NAV of the Fund.	1. The management fee is calculated and accrued daily and generally paid monthly in arrears out of the assets of the Fund within 10 Business Days after the end of the month. 2. Indirect costs are generally deducted from the assets of the Fund as and when incurred. 3. Expense recoveries are generally deducted from the assets of the Fund as and when incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Estimated to be 0.00% p.a. of the NAV of the Fund, comprised of performance fees charged by interposed vehicles****.	Performance fees charged by interposed vehicles are generally deducted from the assets of the interposed vehicle as and when incurred.
Transaction costs The costs incurred by the scheme when buying or selling assets	Estimated to be 0.03% p.a. of the NAV of the Fund. ²	Transaction costs generally arise when the value of the assets of the Fund are affected by the day-to-day trading of the Fund, and are deducted from the assets of the Fund as and when incurred.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee¹ The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated to be 0.15% of the application amount on application and 0.15% of the withdrawal amount on withdrawal. ³	The buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and withdrawing unitholders respectively at the time of the relevant application or withdrawal.
Withdrawal fee¹ The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee¹ The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

*Unless otherwise stated, all fees and costs are quoted inclusive of GST (and any applicable stamp duty) and net of any input tax credits (ITCs) or reduced input tax credits ('RITCs') that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity or to the extent to which any tax deduction may be passed on to unitholders.

**All estimates of fees in this section are based on information available as at the date of this PDS and reflects Schroders' reasonable estimates of the typical ongoing amounts for the current financial year. All costs reflect the actual amount incurred for the last financial year and may include Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was not available at the date of this PDS.

***For certain wholesale clients (as defined in the Corporations Act), Schroders may, at its discretion and in accordance with ASIC Policy and the Corporations Act, negotiate, rebate or waive all or part of Schroders' management fee. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

****Schroders does not charge a performance fee in respect of the Fund, but the Fund invests in interposed vehicles that may charge performance fees. Schroders' reasonable estimate of the performance fee is based on (as applicable): (i) the average fee incurred for the previous five financial years; or (ii) if the interposed vehicle was not in operation for the past five financial years, the average fee incurred for all of the financial years in which the interposed vehicle was in operation; or (iii) if the interposed vehicle was first offered in the current financial year, Schroders' reasonable estimate of the fee for the current financial year adjusted to reflect a 12-month period. Past performance is not a reliable indicator of future performance and the performance fee will be based on the performance of the interposed vehicles over the relevant period. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

¹This fee includes an amount payable to an adviser. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

²The transaction costs disclosed in this fees and costs summary are shown net of any recovery received by the Fund from the buy/sell spread charged to transacting unitholders. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

³As at the date of this PDS, the buy-sell spread is 0.15% on applications and 0.15% on withdrawals. In estimating the buy-sell spread, Schroders has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for Schroders to predict) the buy-sell spread may increase significantly and it is not possible to reasonably estimate the buy-sell spread that may be applied in such situations. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs for the Fund can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example – Schroder Absolute Return Income Fund		
Balance of \$50,000 with a contribution of \$5,000 during year		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs ² comprising:	0.55% p.a.	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$275 each year.
Management fee ³ to Schroders	0.54% p.a.	
Indirect costs	0.01% p.a.	
Expense recoveries	0% p.a.	
PLUS Performance fees ⁴	0.00% p.a.	And, you will be charged or have deducted from your investment \$0 in performance fees each year.
PLUS Transaction costs ²	0.03% p.a.	And, you will be charged or have deducted from your investment \$15 in transaction costs.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$290 . ^{1,5} What it costs you will depend on the fees you negotiate.

¹Additional fees may apply. A buy-sell spread may apply to investments into and withdrawals from the Fund, which is not taken into account in this example. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS' for further details.

²Please refer to footnote ** in the Fees and costs summary above.

³Please refer to footnote *** in the Fees and costs summary above.

⁴This example assumes that the Fund will incur interposed vehicle performance fees of 0.00% p.a. of the NAV of the Fund, based on our reasonable estimate of the performance fee. Please refer to footnote **** in the Fees and costs summary above.

⁵This amount excludes fees for any additional contributions that may be made during the year. Please note that the minimum initial investment for the Fund is \$20,000, and the minimum additional investment is \$5,000. We have assumed that the \$5,000 contribution is made at the end of the year and that the value of the investment is constant. This example is therefore calculated using the \$50,000 balance only. Please note that this is just an example. In practice, actual investment balances will vary daily and the actual fees and costs charged are based on the value of the Fund, which also fluctuates daily.

Additional explanation of fees and costs

Maximum fees

The maximum fees that Schroders is entitled to charge are set out in the Constitution.

The maximum management fee for the Fund under the Constitution is 3.08% (inclusive of GST and less any RITCs) per annum of the NAV of the Fund. The current management fee is 0.54% (inclusive of GST and less any RITCs) per annum of the NAV of the Fund.

Further information on the other maximum fees that Schroders is entitled to charge under the Constitution is set out in section 3 of the 'Additional information to the PDS'.

ASIC fee calculator

To calculate the effect of fees and costs on your account balance, you can use the calculator provided by ASIC at www.moneysmart.gov.au.

Fee changes

Unless otherwise agreed, Schroders may change the amount of any fees in this PDS (including increasing fees up to the maximum set out in the Constitution) without your consent. Any fees disclosed in this PDS will not be increased without providing at least 30 days' advance notice to you.

✓ You should read the important information about fees and costs before making a decision. Go to section 3 of the 'Additional Information to the PDS', which you can access on Schroders' website at www.schroders.com.au or request a copy free of charge by calling Schroders on (+61) 1300 136 471. The material relating to more detailed information about fees and costs may change between the time when you read this PDS and the day when you acquire the product.

Warning

If you consult a financial adviser, you may also pay an additional fee that will be set out in the Statement of Advice between you and the financial adviser.