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1 August 2016

Dear «Client Name»

Account number:

Designation:

Proposed fund name, investment objective and policy change: Schroder European Absolute Target Fund

I am writing to inform you of changes to the Schroder European Absolute Target Fund (the Fund), in which you are an investor. With effect from 1 October 2016 the Fund will be renamed the **Schroder European Equity Absolute Return Fund** and its investment objective and policy will be revised.

The change of name will bring the Fund's name into line with other Schroder absolute return funds. We are also making the following changes to the Fund's investment objective and policy:

- Changing the time horizon in the investment objective and policy for delivering a positive (more than zero) return from “rolling three year periods” to “rolling 12 month periods” which is a more commonly used time frame for measuring absolute return funds and aligns the Fund with other absolute return funds managed by Schroders; and
- Making additional changes to existing wording, as part of a wider process at Schroders of reviewing the investment objective and policy language across our UK authorised fund range.

The current and revised investment objective and policy can be found in Appendix I of this letter. There will be no change to the Fund's investment focus or to its investment process as a result of the changes. The changes do not require shareholder approval and you are not required to take any action.

If you have any questions or concerns about the proposal, please contact your financial adviser. If you do not have a financial adviser you can find one in your area by visiting www.unbiased.co.uk or call a member of our Investor Services Team on 0800 718 777. Please be aware that Schroders does not offer investment advice.

Yours sincerely



Robin Stoakley

Director

Schroder Unit Trusts Limited

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.

Appendix I

Current objective and policy

The objective of the Fund is to achieve positive returns (greater than zero) over a rolling three-year period in all market conditions by investing in European equities. Positive returns are not guaranteed over this or longer periods of time and the Fund may not achieve this objective. There is a risk to an investor's capital. Investors may not get back the amount originally invested.

The Fund seeks to take advantage of investment opportunities created by the fluctuations in economic activity in the European market. It will invest directly or indirectly through derivatives, in the equities of large and medium sized companies that are headquartered in Europe, or who have material or critical operations within, or derive a significant proportion of their revenue from, Europe. This does not, however, preclude investment in a limited way in smaller companies. The Fund may also invest in bonds and other fixed income securities.

The Fund may use derivative instruments for investment purposes as well as for efficient management purposes (for further information please refer to Appendix II Section 9 of the Prospectus). The Fund may have long and short positions (principally through contracts for differences) and may be net long or short when long and short positions are combined. The Fund may also use forward foreign exchange transactions, interest rate and government bond futures, and other exchange traded and off-exchange traded derivative contracts. **Such derivative contracts have the potential to significantly increase the Fund's risk profile.**

The Fund may at any time have more than 50 per cent of its holdings in cash or near cash.

The ACD employs a risk management process that seeks to control the volatility of Fund returns.

Revised objective and policy

Investment Objective

The Fund aims to achieve an absolute return by investing in equity and equity related securities of European companies.

Absolute return means the Fund seeks to provide a positive return over rolling 12-month periods in all market conditions, but this cannot be guaranteed and your capital is at risk.

Investment Policy

The Fund invests at least 80% of its assets directly, or indirectly through derivatives, in equity and equity related securities of medium and large sized European companies that are headquartered in Europe, or who have material or critical operations within, or derive a significant proportion of their revenue or profits from, Europe. Medium and large sized companies are companies which, at the time of purchase, are considered to be in the top 80% by market capitalisation of the European equities market.

The Fund may also invest in equity and equity related securities of small sized companies, fixed income securities and money market instruments, and may hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for further information please refer to Appendix II Section 9 of the Prospectus). The Fund may have long and short positions and may be net long or short when long and short positions are combined. The Fund may use contracts for differences, forward foreign exchange transactions, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts. **Such derivative contracts have the potential to significantly increase the Fund's risk profile.**