

**15 January 2024**

Dear Unitholder,

## **Schroder Investment Fund – Flexible Cat Bond (the “Fund”)**

We are writing to advise you that the investment policy, pre-contractual disclosures and sustainability criteria of the Fund will change with effect from 1 March 2024 (the “Effective Date”). The strategy of the Fund will not be changing.

### **Background and rationale for the change**

From the Effective Date, we will make the following changes to the Fund’s investment policy, sustainability criteria and pre-contractual disclosures:

1. We will include additional wording within the Fund’s investment policy to more clearly define the aim of the natural catastrophe and meteorological investment limits that apply to the Fund;
2. We will remove the following wording from the sustainability criteria and the pre-contractual disclosures:

*“The Investment Manager ensures that at least 90% of the portion of the Sub-Fund’s Net Asset Value composed of investments in companies and/or private issuers, such as insurance-linked securities, is rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Sub-Fund’s potential investment universe is excluded from the selection of investments.*

*For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Sub-Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Investment Policy. This universe is comprised of investments providing exposure to insurance risks.”*

This wording, related to the requirements of the Autorité des marchés financiers (AMF) in respect of sustainable funds marketed to retail clients in France, exceeds what is required given that the Fund cannot be distributed to retail investors in France.

Full details of the changes being made can be seen in **Appendix 1**.

There are no other changes to the Fund’s investment style, investment philosophy, investment strategy, and the operation and/or manner in which it will be managed following these changes. All other key features of the Fund, including the risk and return profile and fees, will

remain the same. The ISIN codes for the Unit Classes impacted by these changes are listed in **Appendix 2** of this letter.

### Redeeming or switching your units to another Schroders sub-fund

We hope that you will choose to remain invested in the Fund following these changes, but if you do wish to redeem your holding in the Fund or to switch into another sub-fund of Schroder Investment Fund before the changes become effective you may do so at any time up to and including deal cut-off on 20 February 2024. Please ensure that your redemption or switch instruction reaches HSBC Continental Europe, Luxembourg (“HSBC”) before this deadline. HSBC will execute your redemption or switch instructions in accordance with the provisions of Schroder Investment Fund's prospectus, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local agents might also have a local deal cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach HSBC before the deal cut-off given above.

If you have any questions or would like more information about Schroders' products please visit [www.schroders.com](http://www.schroders.com) or contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

### Appendix 1

The new wording is in **bold** and removed language is in *strike-out*.

Current Investment Policy	Updated Investment Policy
<p><i>The Sub-Fund invests in catastrophe bonds and cat bond lites worldwide. These are securities whose value is linked to insurance loss events (insurance-linked securities) relating to catastrophes such as hurricanes and earthquakes.</i></p> <p><i>The Sub-Fund may also invest in other types of insurance-linked securities, for example life insurance risks, health risks or motor risks.</i></p> <p><i>The Sub-Fund invests:</i></p> <p><i>at least 80% of its assets in investments linked to natural catastrophe and/or life risks;</i></p> <p><i>at least 50% of its assets in investments linked to meteorological risks;</i></p> <p><i>at least 5% of its assets in investments that are designed to address the unavailability of affordable insurance cover against natural catastrophes.</i></p> <p><i>Please see the Fund Characteristics section for more details.</i></p> <p><i>The Sub-Fund will not invest in securities linked to life settlements.</i></p> <p><i>The Sub-Fund will not invest more than 10% into collective investment schemes.</i></p> <p><i>The Sub-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.</i></p>	<p><i>The Sub-Fund invests in catastrophe bonds and cat bond lites worldwide. These are securities whose value is linked to insurance loss events (insurance-linked securities) relating to catastrophes such as hurricanes and earthquakes.</i></p> <p><i>The Sub-Fund may also invest in other types of insurance-linked securities, for example life insurance risks, health risks or motor risks.</i></p> <p><i>The Sub-Fund invests:</i></p> <p><i>at least 80% of its assets in investments linked to natural catastrophe and/or life risks <b>with an aim of reducing the negative consequences of such events, contributing to the rebuilding of economies and societies post event and hence increasing their resilience going forward;</b></i></p> <p><i>at least 50% of its assets in investments linked to meteorological risks <b>with an aim of reducing the negative consequences of such events, contributing to the rebuilding of economies and societies post event and hence increasing their resilience going forward, and potentially easing the negative consequences of climate change;</b></i></p> <p><i>at least 5% of its assets in investments that are designed to address the unavailability of affordable insurance cover against natural catastrophes.</i></p> <p><i>Please see the Fund Characteristics section for more details.</i></p>

<p><i>The Sub-Fund does not directly invest in certain risk classes, activities, industries or groups of issuers above the limits listed under “Sustainability-Related Disclosure” on the Sub-Fund’s webpage, accessed via <a href="https://www.schroders.com/en/schroder-investment-fund/">https://www.schroders.com/en/schroder-investment-fund/</a>.</i></p> <p><i>The Sub-Fund invests in investments issued by issuers that have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</i></p> <p><i>The Investment Manager may also engage with issuers or transaction sponsors held by the Sub-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 <a href="https://www.schroders.com/en/lu/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/">https://www.schroders.com/en/lu/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/</a>.</i></p> <p><i>The Sub-Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Sub-Fund more efficiently. The Sub-Fund may also invest in money market instruments and hold cash. The Sub-Fund may, in certain circumstances and on a temporary basis, hold up to 100% of its assets in cash. In such circumstances the minimum investment limits stated above may not be adhered to by the Sub-Fund.</i></p> <p><i>Where the Sub-Fund uses total return swaps, contracts for difference, repurchase or reverse repurchase transactions, the underlying consists of instruments in which the Sub-Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used on a continuous basis for example by allowing the Sub-Fund to increase or decrease its exposure to insurance-linked securities in response to changing market conditions. Repurchase or reverse repurchase transactions may be used on a temporary basis to provide leverage or bridge financing to fund working capital requirements. The gross exposure of total return swaps contracts for difference, repurchase or reverse repurchase transactions will not exceed 25% of the Net Asset Value of the Sub-Fund and is expected to remain within the range of 0% to 10% of Net Asset Value. In certain circumstances this proportion may be higher.</i></p>	<p><i>The Sub-Fund will not invest in securities linked to life settlements.</i></p> <p><i>The Sub-Fund will not invest more than 10% into collective investment schemes.</i></p> <p><i>The Sub-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.</i></p> <p><i>The Sub-Fund does not directly invest in certain risk classes, activities, industries or groups of issuers above the limits listed under “Sustainability-Related Disclosure” on the Sub-Fund’s webpage, accessed via <a href="https://www.schroders.com/en/schroder-investment-fund/">https://www.schroders.com/en/schroder-investment-fund/</a>.</i></p> <p><i>The Sub-Fund invests in investments issued by issuers that have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</i></p> <p><i>The Investment Manager may also engage with issuers or transaction sponsors held by the Sub-Fund to challenge identified areas of weakness on sustainability issues. 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<p><b>Current Sustainability Criteria</b></p>	<p><b>Updated Sustainability Criteria</b></p>
<p><i>The Investment Manager applies sustainability criteria when selecting investments for the Sub-Fund.</i></p> <p><i>The investment decision process relies on a framework that was developed to reflect the specific characteristics of the</i></p>	<p><i>The Investment Manager applies sustainability criteria when selecting investments for the Sub-Fund.</i></p> <p><i>The investment decision process relies on a framework that was developed to reflect the specific characteristics of the</i></p>

asset class in the context of sustainability. The Investment Manager assesses investments by gathering information from offering documents and/or submission material provided by brokers and by directly engaging with transaction sponsors using a questionnaire in order to qualitatively assess an investment's suitability relative to the Sub-Fund's sustainability criteria. The transaction sponsor is the legal entity that buys protection for a portion of the risks it is exposed to in the form of insurance-linked securities and financial derivative instruments, which are issued via a fronting or transforming structure such as a special purpose vehicle (the issuer).

The risks that the Sub-Fund seeks exposure to are primarily linked to the (re-)insurance of natural catastrophe and/or life risks. Natural catastrophes are unexpected events caused by nature with geological, hydrological or meteorological origins. Geological risks are related but not limited to earthquakes or volcanic eruptions. Hydrological risks are related but not limited to floods or tsunamis. Meteorological risks are related but not limited to tropical cyclones, winter storms, severe convective storms or droughts. Life risks are related but not limited to pandemics or extreme mortality.

The Investment Manager believes that selecting such investments can help to reduce the cost of purchasing protection against such events for individuals; reduce negative consequences of events related to natural catastrophe and/or life risk; and positively contribute to the rebuilding of economies and societies post event.

In addition, the Investment Manager believes that insurance-linked investments that cover meteorological risks can ease the potential negative consequences of climate change.

The Sub-Fund typically invests 10 to 20% (but no less than 5%) of its assets in investments that, in the Investment Manager's opinion, are designed to address the unavailability of affordable insurance cover against natural catastrophes. These are investments that are sponsored by, but not limited to, (1) supranational financial institutions that offer financial products and policy advice to countries aiming to reduce poverty and promote sustainable development, (2) humanitarian international organisations or country sections of such organisations and (3) legal entities of a state or federal states of such that were set up by legislature to help its residents before, during and after catastrophes.

The sources of information used to perform the analysis include information provided by issuers or transaction sponsors, such as offering documents and other relevant material, as well as Schroders' proprietary sustainability tools.

The Investment Manager ensures that at least 90% of the portion of the Sub-Fund's Net Asset Value composed of investments in companies and/or private issuers, such as insurance-linked securities, is rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Sub-Fund's potential investment universe is excluded from the selection of investments.

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The sources of information used to perform the analysis include information provided by issuers or transaction sponsors, such as offering documents and other relevant material, as well as Schroders' proprietary sustainability tools.

The Investment Manager ensures that at least 90% of the portion of the Sub-Fund's Net Asset Value composed of investments in companies and/or private issuers, such as insurance-linked securities, is rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Sub-Fund's potential investment universe is excluded from the selection of investments.

<p><i>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Sub-Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Investment Policy. This universe is comprised of investments providing exposure to insurance risks.</i></p> <p><i>The Sub-Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR).</i></p> <p><i>More information relating to the environmental and social characteristics of the Sub-Fund is provided in Appendix V in accordance with SFDR and Commission Delegated Regulation (EU) 2022/1288.</i></p>	<p><i>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Sub-Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Investment Policy. This universe is comprised of investments providing exposure to insurance risks.</i></p> <p><i>The Sub-Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR).</i></p> <p><i>More information relating to the environmental and social characteristics of the Sub-Fund is provided in Appendix V in accordance with SFDR and Commission Delegated Regulation (EU) 2022/1288.</i></p>
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The following wording has been removed / added (new wording is in **bold** and removed language is in strike-out) from the Pre-contractual disclosures of the Fund, as provided in Appendix V of the prospectus, in accordance with the Sustainable Finance Disclosure Regulation and Commission Delegated Regulation (EU) 2022/1288:

From the following question within the Pre-contractual disclosures: **What investment strategy does this financial product follow?**

~~*The Investment Manager ensures that at least 90% of the portion of the Sub-Fund's Net Asset Value composed of investments in companies and/or private issuers, such as insurance-linked securities, is rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Sub-Fund's potential investment universe is excluded from the selection of investments.*~~

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From the following question within the Pre-contractual disclosures: **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

~~*–The Investment Manager ensures that at least 90% of the portion of the Sub-Fund's Net Asset Value composed of investments in companies and/or private issuers, such as insurance-linked securities, is rated against the sustainability criteria.*~~

~~*–As a result of the application of sustainability criteria, at least 20% of the Sub-Fund's potential investment universe is excluded from the selection of investments.*~~

[...]

~~*–The Sub-Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria.*~~

From the following question within the Pre-contractual disclosures: **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

*As a result of the application of the Sub-Fund's sustainability criteria, at least 20% of the Sub-Fund's potential investment universe is excluded from the selection of investments. For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Sub-Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy.*

***This question is not applicable for the Sub-Fund.***

## **Appendix 2**

ISIN codes of unit classes affected by these changes

<b>Unit class</b>	<b>Unit class currency</b>	<b>ISIN code</b>
A Accumulation	USD	LU1940197772
A Distribution	USD	LU1940197855
C Accumulation	USD	LU1940197939
C Distribution	USD	LU1940198077
F Accumulation	USD	LU1196277294
I Accumulation	USD	LU1196277617
IF Accumulation	USD	LU1196277534
C Accumulation	CHF Hedged	LU2334035552
E Accumulation	CHF Hedged	LU1432511282
I Accumulation	CHF Hedged	LU1899146010
IF Accumulation	CHF Hedged	LU1496798122
C Accumulation	EUR Hedged	LU2334035636
E Accumulation	EUR Hedged	LU1432511019
IF Accumulation	EUR Hedged	LU1496797827