

IMPORTANT: This letter 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 (“the Manager”) accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its 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 letter shall have the same meaning(s) as defined in the Explanatory Memorandum of the Schroder China Equity Alpha Fund dated December 2016, as amended and supplemented from time to time (the “**Explanatory Memorandum**”).

17 February 2017

Dear Unitholders

SCHRODER UMBRELLA FUND II (the “Fund”) - SCHRODER CHINA EQUITY ALPHA FUND (the “Sub-Fund”)

We are writing to inform you of the following changes to the Fund and the Sub-Fund:

(A) Amendments to the Trust Deed

In order to better comply with the requirements of the SFC’s Code on Unit Trusts and Mutual Funds (the “**UT Code**”) and conform with the key provisions as set out in Section 5 of Annex 1 to the SFC’s Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds (“**Guide Requirements**”), the Trust Deed has been amended and superseded by way of an amended and restated Trust Deed (“**Amended and Restated Trust Deed**”). The Amended and Restated Trust Deed also contains other ancillary amendments. A summary of the key amendments made to the Trust Deed by way of the Amended and Restated Trust Deed is as follows:

1. incorporation of previous supplemental deeds to the Trust Deed and amendments to reflect the requirements under the UT Code and the Guide Requirements, in particular, the following:
 - a. sub-clause 3.3 is amended to provide that the Manager may, after consultation with the Trustee, or the Trustee may, after consultation with the Manager, declare a suspension of the determination of the net asset value of the Sub-Fund;
 - b. a new sub-clause 20.17 is inserted to provide that the Manager and the Trustee shall in the performance of their respective duties under the Trust Deed in relation to sub-funds that are authorised by the SFC at all times comply with the applicable provisions of the UT Code and shall act at all times in compliance with and in a manner consistent with the UT Code (as may be modified by any applicable waivers or exemptions granted by the SFC). Nothing in the Trust Deed shall diminish or exempt any of the Manager or the Trustee from any of its duties and liabilities under the UT Code;
 - c. a new sub-clause 21.2A is inserted to provide that for so long as the Fund is authorised by the SFC, section 41O of the Trustee Ordinance shall not apply to the extent that is inconsistent with sub-clause 21.1A and/or with the Trustee’s duties and responsibilities under the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, and shall not in any way operate to exempt or diminish any liability of the Trustee as set out in sub-clause 20.5;

- d. a new sub-clause 21.6A is inserted to provided that the Trustee shall exercise reasonable care and diligence in the selection of the valuation service providers and shall satisfy itself that the valuation service providers engaged are competent and have the resources to duly discharge their obligations;
 - e. paragraph 4.2.2 of Schedule 1 to the Trust Deed is amended to provide that the Manager may at any time with the prior written consent of the Trustee and shall at such times or at such intervals as the Trustee may request cause a revaluation to be made of any unquoted investment (other than an interest in a collective investment scheme or a commodity) by a professional person approved by the Trustee as qualified to value such unquoted investment;
 - f. paragraph 4.3 of Schedule 1 to the Trust Deed is amended to provide that cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager with the prior written consent of the Trustee, any adjustment should be made to reflect the value thereof;
 - g. paragraph 4.7 of Schedule 1 to the Trust Deed is amended to provide that notwithstanding paragraphs 4.1 to 4.6 of Schedule 1 to the Trust Deed, the Manager may, with the prior written consent of the Trustee, adjust the value of cash, deposits and any Investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations they deem relevant, they consider that such adjustment or use of such other method is required to reflect the fair value thereof;
2. updates to the definition of “Associate” in sub-clause 1.1 and amendments to sub-clause 1.4 regarding references to the new Companies Ordinance;
 3. insertion of a new definition “Ineligible Investor” in sub-clause 1.1 and amendments to sub-clause 10.9 to clarify that being an “Ineligible Investor”, i.e. US person is an example of a ground for compulsory redemption;
 4. insertion of a new definition “Principal Deed” in sub-clause 1.1 and amendments to sub-clause 2.3 to set out information updates relating to the history of the Fund; and
 5. insertion of a new definition “US” or “U.S.” in sub-clause 1.1.

The amendments described above are in summary form only and are not meant to be an exhaustive list of the amendments made to the Trust Deed. Investors should note that there are other ancillary amendments to the Trust Deed as amended and as such, should review the Amended and Restated Trust Deed for further details on the amendments made. The Amended and Restated Trust Deed may be inspected free of charge during normal working hours at the offices of the Manager at Level 33, Two Pacific Place, 88 Queensway, Hong Kong.

The Explanatory Memorandum has been/ will be revised to reflect the amendments as set out above, where applicable.

(B) Amendments to the Explanatory Memorandum

Please refer to the latest Explanatory Memorandum, which has been/ will be revised to reflect the above changes and certain other changes, for further information.

The revised Explanatory Memorandum and Product Key Facts Statement are/ will be available upon request from the office of the Manager at Level 33, Two Pacific Place, 88 Queensway, Hong Kong and are also available on Schroders' website at www.schroders.com.hk. The website is not authorised by the SFC.

If you have any questions or 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



Chris Durack
Chief Executive Officer, Hong Kong