

IMPORTANT: This letter is important and requires your immediate 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 funds 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 letter shall have the same meaning(s) as defined in the explanatory memorandum ("**Explanatory Memorandum**") of each Sub-Fund.

13 March 2023

Dear Unitholder

Schroder Umbrella Fund II ("Fund")

- **Schroder Asian Asset Income Fund**
 - **Schroder China Asset Income Fund**
 - **Schroder China Equity Alpha Fund**
 - **Schroder China Fixed Income Fund**
 - **Schroder Global Multi-Asset Thematic Fund**
- (each a "Sub-Fund"; collectively, "Sub-Funds")

We are writing to inform you of the following changes or updates to the Sub-Funds with effect from 13 March 2023 ("**Effective Date**"), unless otherwise specified.

A. Updates in relation to direct investments in mainland China interbank bond markets ("China Interbank Bond Market")

Various updates will be made to the investment objective and/or policy of each of the following Sub-Funds in relation to its direct investments in China Interbank Bond Market, which are summarised below:

(a) Schroder China Fixed Income Fund

Currently, the Sub-Fund's objective is to provide a sustainable and long term capital appreciation and income in Renminbi ("**RMB**") terms by investing primarily (i.e. not less than 70% of its net assets) in debt securities and fixed income instruments issued or distributed in the mainland China ("**Onshore Chinese fixed income securities**") via Qualified Foreign Investor ("**QFI**") status of Schroder Investment Management (Hong Kong) Limited. Direct exposure to Onshore Chinese fixed income securities may also

be gained by investing in mainland China interbank bond markets (“**China Interbank Bond Market**”) under Bond Connect (as further described in the section under the heading “Overview of China Interbank Bond Market” in the Explanatory Memorandum) and/or other means as may be permitted by the relevant regulations from time to time.

With effect from the Effective Date, the Sub-Fund’s investment objective will be streamlined to provide that the Sub-Fund’s objective is to provide a sustainable and long term capital appreciation and income in RMB terms. For the avoidance of doubt, there is no change in the investment objective of the Sub-Fund. The investment policy of the Sub-Fund will be amended to provide that the Sub-Fund may also invest in Onshore Chinese fixed income securities by investing in the China Interbank Bond Market under Foreign Access Regime (which will be further described in the section under the heading “Overview of China Interbank Bond Market” in the revised Explanatory Memorandum). Foreign Access Regime will serve as an additional means for the Sub-Fund to invest in the China Interbank Bond Market in line with the Sub-Fund’s existing investment objective and policy.

(b) Schroder Asian Asset Income Fund

Currently, the Sub-Fund may invest directly in Onshore Chinese fixed income securities via investing in China Interbank Bond Market under Bond Connect and/or other means as may be permitted by the relevant regulations from time to time.

With effect from the Effective Date, the investment policy of the Sub-Fund will be amended to provide that the Sub-Fund may also invest in Onshore Chinese fixed income securities by investing in the China Interbank Bond Market under Foreign Access Regime. Foreign Access Regime will serve as an additional means for the Sub-Fund to invest in the China Interbank Bond Market in line with the Sub-Fund’s existing investment objective and policy.

For the avoidance of doubt, there is no change to the Sub-Fund’s aggregate direct and indirect exposure to China A-shares, China B-shares and Onshore Chinese fixed income securities, which will not exceed 20% of its net asset value.

(c) Schroder Global Multi-Asset Thematic Fund

With effect from the Effective Date, the investment policy of the Sub-Fund will be enhanced to provide that the Sub-Fund’s direct exposure to Onshore Chinese fixed income securities will be gained via investing in China Interbank Bond Market under Foreign Access Regime and/or Bond Connect and/or other means as may be permitted by the relevant regulations from time to time.

For the avoidance of doubt, there is no change to the Sub-Fund’s aggregate exposure to China A-shares, China B-shares and Onshore Chinese fixed income securities, which will be less than 30% of its net asset value.

For further details about the QFI regime, China Interbank Bond Market, Foreign Access Regime, or Bond Connect, please refer to the revised Explanatory Memoranda of the Sub-Funds.

The Sub-Funds' investments in the China Interbank Bond Market via the Foreign Access Regime and/or Bond Connect will be subject to the risks currently disclosed in the Explanatory Memoranda and Product Key Facts Statements of the Sub-Funds, including but not limited to risks relating to investment in debt securities, risks associated with investing in the mainland China market/Mainland China market risk, and risks associated with China Interbank Bond Market.

B. Updates in relation to indirect exposure to China A-shares

With effect from the Effective Date, the investment policy of Schroder Asian Asset Income Fund will be updated to streamline the disclosures in relation to its indirect exposure to China A-shares. The updated investment policy will provide that the Sub-Fund's indirect exposure to China A-shares may be sought through investment in, including but not limited to, China market access products, investment funds and ETFs. Although the Sub-Fund will no longer limit its gross risk exposure to each issuer of China market access products and/or derivative instruments linked to the performance of China A-shares to no more than 10% of its net asset value, the Sub-Fund will remain subject to the investment restrictions and diversification requirements set out in Schedule 1 to the Explanatory Memorandum.

C. Updates in relation to investments in insurance-linked securities ("ILS") and ILS-related products

With effect from the Effective Date, the investment policies of the Schroder Asian Asset Income Fund, Schroder China Asset Income Fund, Schroder China Fixed Income Fund and Schroder Global Multi-Asset Thematic Fund will be updated to provide that each Sub-Fund may invest up to 10% of its net asset value in ILS, such as catastrophe bonds, issued outside Hong Kong and/or any ILS-related products, such as derivatives or structured products whose returns are linked to the performance of any ILS and collective investment schemes whose investment objective or principal investment strategy is investing in ILS. For the avoidance of doubt, the Sub-Fund will not invest in ILS issued in Hong Kong and their repackaged products and derivatives.

As a result of the Sub-Funds' investments in ILS and ILS-related products, the Sub-Funds may be subject to the following risks:

Insurance-linked securities/ catastrophe bonds risks

Insurance-linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes.

A Sub-Fund could invest in catastrophe bonds which may lose part or all of their value in case a trigger event occurs (e.g. natural disasters or financial or economic failures).

Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Sub-Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Sub-Fund's holdings of such securities.

Although a Sub-Fund's exposure to such events will be limited and diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Sub-Fund's holdings of such securities.

The loss amount is defined in the terms of the catastrophe bond and may be based on losses to a company or industry, modelled losses to a notional portfolio, industry indices, readings of scientific instruments or certain other parameters associated with a catastrophe rather than actual losses. The modelling used to calculate the probability of a trigger event may not be accurate or may underestimate the likelihood of the trigger event occurring which may increase the risk of loss.

Catastrophe bonds may provide for extensions of maturity which may increase volatility and may be rated by credit ratings agencies on the basis of how likely it is that the trigger event will occur. Catastrophe bonds have typically have a below investment grade credit rating (or considered equivalent if they are unrated).

D. Updates in relation to currency conversion service

The disclosures in the Explanatory Memoranda relating to currency conversion for any payments to or from the relevant Sub-Fund for subscription, redemption or switching of Units will be updated and streamlined. For the avoidance of doubt, the risk and cost of currency conversion and other related charges and expenses will be borne by the relevant investor.

E. Updates in relation to payment of redemption monies and/or distributions of RMB denominated classes

The disclosures in the Explanatory Memoranda relating to payment of redemption monies and/or distributions of RMB denominated classes under extreme market conditions will be updated. When there is not sufficient RMB for currency conversion, the Manager may, with the approval of the Trustee, pay redemption monies and/ or distributions in other currency as the Manager considers appropriate.

F. Implications on unitholders

Save as described above, all other key features of the Sub-Funds, including fee levels, fee

structures, and the ways the Sub-Funds are managed in practice remain unchanged. The updates set out above do not amount to any material change to the Sub-Funds. There will be no material change or increase in the overall risk profile of the Sub-Funds following the updates, and the updates do not have any material adverse impact on unitholders' rights or interests.

G. Amendments to the offering documents

The Explanatory Memoranda and Product Key Facts Statements of the Sub-Funds will be revised to reflect the relevant updates set out above, and other miscellaneous or general updates. The latest offering documents of the Sub-Funds are available at our website (www.schroders.com.hk)¹ or upon request from our office (Level 33, Two Pacific Place, 88 Queensway, Hong Kong) free of charge.

H. Enquiry

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

Schroder Investment Management (Hong Kong) Limited

¹ The website has not been reviewed by the SFC.