

**28 November 2023**

Dear Shareholder,

## **Schroder GAIA (the "Company") – Schroder GAIA Asian Equity Long Short (the "Fund")**

We are writing to inform you that on 1 January 2024 (the "Effective Date") the Fund's investment objective, investment policy, target benchmark and performance fee will change. The investment management fees will also be reduced as of the date of the latest prospectus for certain share classes as set out below.

Following a review of the Fund, we have decided to introduce the Secured Overnight Financing Rate (SOFR) as a hurdle for the Fund's existing performance fee, to reflect the current risk-reward environment for investors and further align our interests with our clients' in terms of performance generation and delivery. As a result, the Fund's objective and references to the Fund's benchmark will change as set out below.

We are also updating the wording in the Fund's investment objective and policy to expand the investable geographical universe of the Fund. This adds flexibility for the Fund to primarily invest in Asia Pacific ex Japan companies, whilst also allowing for access to investment and hedging opportunities outside of the Asia Pacific ex Japan region.

### **I. Performance Fee**

From the Effective Date, the Fund's performance fee will change from:

*20% (the multiplier) of the absolute outperformance over a High Water Mark, as per the methodology in section 3.2(B).*

to:

*20% (the multiplier) of the absolute outperformance over the Secured Overnight Financing Rate (SOFR) benchmark (the Hurdle) subject to a High Water Mark, as per the methodology in section 3.2(A).*

*In relation to currency hedged Share Classes, currency hedged versions of the relevant Hurdle (including currency equivalent cash benchmarks) may be used for performance fee calculation purposes.*

### **II. Investment Objective**

In order to align the Fund's investment objective with its performance fee, on the Effective Date the Fund's investment objective will change from:

*The Fund aims to provide a positive return after fees have been deducted over a three year period by investing in equity and equity related securities of Asia Pacific companies (excluding Japan). The Fund may also invest in currencies worldwide.*

to:

*The Fund aims to provide capital growth in excess of the Secured Overnight Financing Rate (SOFR) after fees have been deducted over a three year period by investing in equity and equity related securities of Asia Pacific companies (excluding Japan) and worldwide. The Fund may also invest in currencies worldwide.*

### **III. Target benchmark**

In line with the above change to the Fund's investment objective, on the Effective Date the Fund's benchmark section, as fully set out in the Fund's prospectus, will change from:

*The Fund's performance should be assessed against its target benchmark, being to provide a positive return over a three-year period and compared against the Secured Overnight Financing Rate (SOFR).*

to:

*The Fund's performance should be assessed against its target benchmark, being to exceed the Secured Overnight Financing Rate (SOFR) after fees have been deducted over a three-year period.*

Further details of the Fund's benchmark are disclosed in the Fund's benchmark section within the Prospectus.

### **IV. Investment Policy**

In order to reflect the expansion of the Fund's investment universe, on the Effective Date the Fund's investment policy will change from:

*The Fund is actively managed and invests, both long and short, in equity and equity related securities of companies deriving a significant part of their revenues or profits from the Asian Pacific region ex Japan companies.*

*Investments will be made directly (through physical holdings) and/or indirectly (through derivatives). The Fund uses derivatives (including total return swaps and contracts for difference), long and short, on a continuous basis with the aim of achieving investment gains, reducing risk, or managing the Fund more efficiently. The Fund has the flexibility to implement long and short active currency positions via financial derivative instruments.*

*Where the Fund uses total return swaps and contracts for difference, the underlying consists of instruments and indices in which the Fund may otherwise invest according to its Investment Objective and Policy. In particular, total return swaps and contracts for difference will be used to gain long and short exposure or to hedge exposure on equity and equity related securities. The gross exposure of total return swaps and contracts for difference will not exceed 450% of the net asset value (though may approach this limit in circumstances where borrowing is costly or unavailable or where the use of CFDs is more efficient, as direct market exposure is difficult or costly), and is expected to remain within the range of 100% to 350% of the Net Asset Value. In certain circumstances this proportion may be higher or lower. The Fund is normally expected to maintain a market neutral exposure when long and short positions are combined.*

*The Fund may invest directly or indirectly through derivatives in China B-Shares and China H-Shares and may invest up to 50% of its assets (on a net basis) directly or indirectly through derivatives in onshore China A-Shares, including through the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and shares listed on the STAR Board and the ChiNext.*

*The Fund may hold cash (subject to the restrictions provided in Appendix I) and invest in Money Market Investments and liquid assets other than cash in order to achieve its investment goals and/or for treasury purposes and/or in case of unfavourable market conditions.*

*As the Fund is index-unconstrained it is managed without reference to an index.*

*The Fund will be capacity constrained and therefore the Fund or some of its Share Classes may be closed to new subscriptions or switches in as described in section 2.3.*

to:

***The Fund is actively managed and may take long and short exposure to equity and equity related securities of companies worldwide, however at least 75% of the Fund's (long and short) positions will be invested in equity and equity related securities of Asia Pacific companies (excluding Japan).***

*Investments will be made directly (through physical holdings) and/or indirectly (through derivatives). The Fund uses derivatives (including total return swaps and contracts for difference), long and short, on a continuous basis with the aim of achieving investment gains, reducing risk, or managing the Fund more efficiently. The Fund has the flexibility to implement long and short active currency positions via financial derivative instruments.*

*Where the Fund uses total return swaps and contracts for difference, the underlying consists of instruments and indices in which the Fund may otherwise invest according to its Investment Objective and Policy. In particular, total return swaps and contracts for difference will be used to gain long and short exposure or to hedge exposure on equity and equity related securities. The gross exposure of total return swaps and contracts for difference will not exceed 450% of the net asset value (though may approach this limit in circumstances where borrowing is costly or unavailable or where the use of CFDs is more efficient, as direct market exposure is difficult or costly), and is expected to remain within the range of 50% to 350% of the Net Asset Value. In certain circumstances this proportion may be higher or lower. The Fund is normally expected to maintain a market neutral exposure when long and short positions are combined.*

*The Fund may invest directly or indirectly through derivatives in China B-Shares and China H-Shares and may invest up to 50% of its assets (on a net basis) directly or indirectly through derivatives in onshore China A-Shares, including through the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and shares listed on the STAR Board and the ChiNext.*

***The Fund may also invest its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds and warrants.***

*The Fund may hold cash (subject to the restrictions provided in Appendix I) and invest in Money Market Investments and liquid assets other than cash in order to achieve its investment goals and/or for treasury purposes and/or in case of unfavourable market conditions. **The Fund may invest up to 10% of its assets into open ended Investment Funds and ETFs.***

*As the Fund is index-unconstrained it is managed without reference to an index.*

*The Fund will be capacity constrained and therefore the Fund or some of its Share Classes may be closed to new subscriptions or switches in as described in section 2.3.*

## **V. Investment management fee**

In addition to the above changes, the investment management fee will also be reduced from 1.25% to 1.00% for the C and IZ share classes to improve investor outcomes and the marketability of the Fund, and better align with other Asian equity funds Schrodgers offer.

The extent of the change to the risk/reward profile of the Fund as a result of these changes is non-significant.

All other key features of the Fund, including the relevant risk indicator, will remain the same, including any fees not outlined above.

You can find the Fund's key information document (the KID) for the relevant share class and the Fund's Prospectus at [www.schroders.lu](http://www.schroders.lu).

### **Redeeming or switching your shares to another Schroders 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 of the Company's sub-funds before the changes I. to IV. become effective, you may do so at any time up to and including deal cut-off on 28 December 2023. 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 the Company'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.

We advise shareholders to read the Fund's key information document (the PRIIPs KID) for the relevant share class and the Fund's Prospectus, which are available at [www.schroders.lu](http://www.schroders.lu).

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,

**The Board of Directors**

**Appendix**

ISIN codes of the Share Classes impacted by these changes:

<b>Share Class</b>	<b>Share Class Currency</b>	<b>ISIN Code</b>
A Accumulation	USD	LU2504504437
C Accumulation	USD	LU2504504510
I Accumulation	USD	LU2504504601
IZ Accumulation	USD	LU2504504783