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6 May 2011

Dear «Unitholder name»

Account number: <unitholder id>
Proposed fund changes: Schroder Strategic Bond Fund

I am writing to you on behalf of Schroder Unit Trusts Limited regarding proposed changes to the Schroder Strategic Bond Fund, in which you are invested, including changes to the name and investment objective. We have provided an outline of the proposal below and further details can be found in the enclosed Circular.

Before the changes can take place it is necessary to undertake a formal legal process to obtain investor approval. The Circular provides you with full details of the proposed changes including a timetable and details of the unitholder meeting at which you will have an opportunity to vote on the proposal. Please note that the Notice of Meeting of unitholders can be found on page 11 of the Circular.

What are the changes being made?

The proposals are threefold:

1. to change the fund's investment objective and policy with an aim to achieving a positive return (i.e. above zero) over a 12 month rolling period;
2. to increase the fund's flexibility within a rising interest rate environment;
3. to change the fund's name from Schroder Strategic Bond Fund to Schroder Absolute Return Bond Fund.

Funds are classified by the Investment Management Association ("IMA") into comparable groups. As a result of the above changes we propose to apply to the IMA to move the Fund from the IMA £ Strategic Bond sector to the IMA Absolute Return sector.

Why are we making the changes to the fund?

At present we feel the fund is incorrectly labelled. The strategy of the fund has evolved over time and is much better suited to the IMA Absolute Return Sector - in practice it is already managed with an aim to achieving positive returns over a 12-month period (the criteria for this IMA sector). We feel the adjustment to the investment objective, the change in name of the fund, and the change in sector will more accurately reflect how it is already managed.

In addition to the above changes, we propose to increase the fund's flexibility to respond to interest rate changes. In recent years interest rates have been falling. However, rates are now at generational lows and we wish to increase the flexibility of the fund's interest rate strategy to allow for a change in this environment.

How can I vote?

The proposal requires the passing of an Extraordinary Resolution by unitholders of your Fund at a meeting to be held at 31 Gresham Street, London, EC2V 7QA on 7 June 2011 at 9.00 a.m., at which you are entitled to vote. You may vote at the meeting either in person or by completing the enclosed form of proxy and posting it to Schroder Administration Centre, IOS Vote Administration, 15 Rolling Mill Road, Jarrow NE32 3DE, whether or not you intend to be present at the meeting.

Please return the enclosed form of proxy to arrive no later than 9:00 a.m. on 3 June 2011, using the prepaid envelope provided.

Are there any costs involved?

All costs and expenses relating to the proposal described in this document will be paid by Schroders.

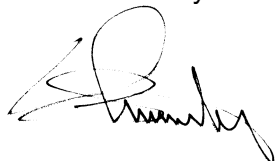
If I don't want to invest in the Schroder Strategic Bond Fund what are my options?

You are entitled to switch your units in the Schroder Strategic Bond Fund for units in another Schroder unit trust (free of any initial charge) at any time before 13 June 2011. Please note, however, that a switch of units to another Schroder unit trust will be treated as a disposal for capital gains tax purposes unless the units are held within an Individual Savings Account ("ISA"). Details of our range of unit trusts are set out in the prospectuses which are available at www.schroders.com/uk or on request by telephoning 0800 718 777.

If the changes are approved at the meeting of unitholders, they will be implemented regardless of whether you voted for or against the proposals, or voted at all. You are entitled to exit the Schroder Strategic Bond Fund following the effective date of the changes, which is 13 June 2011. It is Schroders' current policy not to charge a fee to investors for exiting any of its authorised unit trusts. Please note, however, that redeeming your Units will constitute a disposal for capital gains tax purposes and if you hold the units through an ISA you will lose the right to open an equivalent ISA plan with the cash received. If this is the only holding within your ISA, your plan will be closed.

The proposals have been carefully considered and, in our opinion, are in the best interests of unitholders. If you have any questions or concerns about the proposals, please call 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