

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 Global Allocator Fund dated April 2016, as amended and supplemented from time to time (the “**Explanatory Memorandum**”).

17 February 2017

Dear Unitholders

SCHRODER UMBRELLA FUND II (the “Fund”) - SCHRODER GLOBAL ALLOCATOR 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for Authorization of Unit Trusts and Mutual Funds (“**Guide Requirements**”), the Trust Deed has been amended and superseded by way of an amended and restated Trust Deed (“**Amended and Restated Trust Deed**”).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 21.6A 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;

- d. 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;
 - e. 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;
 - f. 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) Automatic Exchange of Financial Account Information

The Explanatory Memorandum has been/ will be enhanced to include disclosures on the Standard for Automatic Exchange of Financial Account Information.

The Inland Revenue (Amendment) (No.3) Ordinance (the “**Ordinance**”) came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“**AEOI**”). The AEOI requires financial institutions (“**FI**”) in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department (“**IRD**”) who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement (“**CAA**”); however, the Sub-Fund and/or its agents may further collect information relating to residents of other jurisdictions.

The Sub-Fund is required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Sub-Fund and/or its agents shall collect and provide to the IRD tax information relating to unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require the Sub-Fund to, amongst other things: (i) register the Sub-Fund's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e., unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes"; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the Ordinance, details of unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By investing in the Sub-Fund and/or continuing to invest in the Sub-Fund, unitholders acknowledge that they may be required to provide additional information to the Sub-Fund, the Manager and/or the Sub-Fund's agents in order for the Sub-Fund to comply with AEOI. The unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Sub-Fund.

(C) 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