

14 January 2022

Dear Shareholder,

Schroder GAIA (the "Company") - Schroder GAIA Cat Bond (the "Fund")

We are writing to advise you that the investment objective and policy of the Fund will change with effect from 28 February 2022 (the "Effective Date").

From the Effective Date the Fund will incorporate binding environmental and/or social characteristic(s), within the meaning of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial sector ("SFDR").

Rationale

We believe that incorporating sustainability factors into the Fund's strategy aligns with the increasing desire among investors to put their money into investments that can clearly demonstrate their sustainability credentials.

Changes

From the Effective Date, the changes to the Fund's details in the prospectus of the Company will be as follows:

- Wording reflecting the environmental and/or social characteristics will be added to the Fund's investment policy and wording noting that the portfolio meets the investment manager's sustainability criteria will be added to the Fund's investment objective;
- A new section called "Sustainability Criteria" will be added to the Fund Characteristics section of the prospectus to detail how the Fund will seek to achieve its environmental and/or social characteristics;
- A new sustainability risk disclosure will be added to the Fund's specific risk considerations; and
- An additional disclosure will be added to the Fund's benchmark section.

Full details of the changes being made can be seen in **Appendix 1**.

There are no other changes to the Fund's investment style, investment philosophy, investment strategy, and the operation and/or manner in which the Fund is being managed following these changes.

All other key features of the Fund, including the risk and return profile and fees, will remain the same. The ISIN code for the Share Class impacted by these changes are listed in Appendix 2 of this letter.

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 become effective you may do so at any time up to and including deal cut-off on 17 February 2022. 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 investor information document (the KIID) for the relevant share class and the Fund's Prospectus, which are available at www.schroders.lu.

If you have any questions or would like more information about Schroders' products please visit 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 1

The new wording is shown as underlined text

Current Fund disclosures	Revised Fund disclosures
<p>Investment Objective:</p> <p>The Fund aims to provide a positive return after fees have been deducted over a three year period.</p> <p>Investment Policy:</p> <p>The Fund is actively managed and will invest globally in a diversified portfolio providing exposure to insurance risks. These include insurance-linked securities and financial derivative instruments that are exposed to catastrophe risks denominated in various currencies. The Fund may hold cash, deposits and Money Market Investments. The Fund will not invest in instruments linked to life settlements.</p> <p>The Fund may employ financial derivative instruments for hedging and investment purposes. These include OTC and/or exchange traded options, futures, swaps (including total return swaps) and/or a combination of the above. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Policy. In particular, total return swaps may be used to gain long and short exposure or to hedge exposure on fixed and floating rate securities, equity and equity related securities, indices and derivatives. The gross exposure of total return swaps will not exceed 10% and is expected to remain within the range of 0% to 3% of the Net Asset Value. In certain circumstances this proportion may be higher.</p> <p>The Fund will not invest more than 10% of its assets into open ended Investment Funds.</p> <p>The Fund may 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.</p> <p>Benchmark:</p> <p>The Fund's performance should be assessed against its target benchmark, being to provide a positive return over a three year period.</p> <p>The target benchmark has been selected because the target return of the Fund is to deliver the return of that benchmark as stated in the investment</p>	<p>Investment Objective:</p> <p>The Fund aims to provide a positive return after fees have been deducted over a three year period <u>by investing in a diversified portfolio providing exposure to insurance risks that meets the Investment Manager's sustainability criteria.</u></p> <p>Investment Policy:</p> <p>The Fund is actively managed and will invest globally in a diversified portfolio providing exposure to insurance risks. These include insurance-linked securities and financial derivative instruments that are exposed to catastrophe risks denominated in various currencies.</p> <p><u>The Fund invests:</u></p> <ul style="list-style-type: none"> - <u>at least 80% of its assets in investments linked to natural catastrophe and/or life risks;</u> - <u>at least 50% of its assets in investments linked to meteorological risks;</u> - <u>at least 5% of its assets in investments that are designed to address the unavailability of affordable insurance cover against natural catastrophes.</u> <p><u>Please see the Fund Characteristics section for more details.</u></p> <p><u>The Fund maintains a positive absolute sustainability score, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</u></p> <p><u>The Fund does not directly invest in certain risk classes, activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/lv/private-investor/gfc.</u></p> <p><u>The Fund invests in investments issued by issuers that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).</u></p>

<p>objective. The investment manager invests on a discretionary basis and is not limited to investing in accordance with the composition of a benchmark. The Fund is not expected to replicate the performance of any benchmark.</p>	<p><u>The Investment Manager may also engage with issuers or transaction sponsors held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures.</u></p> <p>The Fund may hold cash, deposits and Money Market Investments. <u>The Fund may, in certain circumstances and on a temporary basis, hold up to 100% of its assets in cash. In such circumstances the minimum investment limits stated above may not be adhered to by the Fund.</u> The Fund will not invest in instruments linked to life settlements.</p> <p>The Fund may employ financial derivative instruments for hedging and investment purposes. These include OTC and/ or exchange traded options, futures, swaps (including total return swaps) and/or a combination of the above. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Policy. In particular, total return swaps may be used to gain long and short exposure or to hedge exposure on fixed and floating rate securities, equity and equity related securities, indices and derivatives. The gross exposure of total return swaps will not exceed 10% and is expected to remain within the range of 0% to 3% of the Net Asset Value. In certain circumstances this proportion may be higher.</p> <p>The Fund will not invest more than 10% of its assets into open ended Investment Funds.</p> <p>The Fund may 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.</p> <p>Benchmark:</p> <p>The Fund's performance should be assessed against its target benchmark, being to provide a positive return over a three year period.</p> <p>The target benchmark has been selected because the target return of the Fund is to deliver the return of that benchmark as stated in the investment objective. The investment manager invests on a discretionary basis and is not limited to investing in accordance with the composition of a benchmark.</p>
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	<p>The Fund is not expected to replicate the performance of any benchmark.</p> <p>Fund Characteristics:</p> <p>Sustainability Criteria</p> <p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>The investment decision process relies on a framework that was developed to reflect the specific characteristics of the asset class in the context of sustainability. The Investment Manager assesses investments by gathering information from offering documents and/or submission material provided by brokers and by directly engaging with transaction sponsors using a questionnaire in order to qualitatively assess an investment's suitability relative to the Fund's sustainability criteria. The transaction sponsor is the legal entity that buys protection for a portion of the risks it is exposed to in the form of insurance-linked securities and financial derivative instruments, which are issued via a fronting or transforming structure such as a special purpose vehicle (the issuer).</p> <p>The risks that the Fund seeks exposure to are primarily linked to the (re-)insurance of natural catastrophe and/or life risks. Natural catastrophes are unexpected events caused by nature with geological, hydrological or meteorological origins. Geological risks are related but not limited to earthquakes or volcanic eruptions. Hydrological risks are related but not limited to floods or tsunamis. Meteorological risks are related but not limited to tropical cyclones, winter storms, severe convective storms or droughts. Life risks are related but not limited to pandemia or extreme mortality.</p> <p>The Investment Manager believes that selecting such investments can help to reduce the cost of purchasing protection against such events for individuals; reduce negative consequences of events related to natural catastrophe and/or life risk; and positively contribute to the rebuilding of economies and societies post event.</p> <p>In addition, the Investment Manager believes that insurance-linked investments that cover meteorological risks can ease the potential negative consequences of climate change.</p> <p>The Fund typically invests 10 to 20% (but no less than 5%) of its assets in investments that, in the Investment Manager's opinion, are designed to address the unavailability of affordable insurance cover against natural catastrophes. These are</p>
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	<p><u>investments that are sponsored by, but not limited to, (1) supranational financial institutions that offer financial products and policy advice to countries aiming to reduce poverty and promote sustainable development, (2) humanitarian international organisations or country sections of such organisations and (3) legal entities of a state or federal states of such that were set up by legislature to help its residents before, during and after catastrophes.</u></p> <p><u>The sources of information used to perform the analysis include information provided by issuers or transaction sponsors, such as offering documents and other relevant material, as well as Schroders' proprietary sustainability tools.</u></p> <p><u>The Investment Manager ensures that at least 90% of companies in the Fund's portfolio are rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</u></p> <p><u>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of investments providing exposure to insurance risks.</u></p> <p><u>Sustainability risk factor</u></p> <p><u>The Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR). A Fund with these characteristics may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.</u></p>
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Appendix 2

ISIN codes of share classes affected by these changes

Share class	Share class currency	ISIN code
A Accumulation	USD	LU2049314961
C Accumulation	USD	LU2049315265
F Accumulation	USD	LU0951570505
F Distribution	USD	LU1323608809
I Accumulation	USD	LU0951570760
IF Accumulation	USD	LU0951570687
IF Distribution	USD	LU2049321230
C Accumulation	CHF Hedged	LU2123042801
F Accumulation	CHF Hedged	LU0951571149
I Accumulation	CHF Hedged	LU0951571495
IF Accumulation	CHF Hedged	LU0951571222
A Accumulation	EUR Hedged	LU2399869788
C Accumulation	EUR Hedged	LU2123043015
F Accumulation	EUR Hedged	LU0951570844
I Accumulation	EUR Hedged	LU0951571065
IF Accumulation	EUR Hedged	LU0951570927
C Accumulation	GBP Hedged	LU2197696102
I Accumulation	JPY Hedged	LU2197696284
A Accumulation	SEK Hedged	LU2276590846
IF Accumulation	SEK Hedged	LU2258453799
F Distribution	SGD Hedged	LU1323609013