Schroders

Schroder Unit Trusts Limited

Prospectus

1 December 2020

United Kingdom

(relating to the Schroder Multi-Manager Funds)

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Schroder Unit Trusts Limited
Internet Site: http://www.schroders.co.uk

Important Information

This Prospectus relates to the following Funds, (each a Fund and together the Funds):

Fund	Date of Trust Deed	Date of FCA authorisation
Schroder MM Diversity Fund	29 April 2002	3 May 2002
Schroder MM UK Growth Fund	29 April 2002	3 May 2002
Schroder MM International Fund	29 April 2002	3 May 2002
Schroder MM Diversity Tactical Fund	29 April 2002	3 May 2002
Schroder MM Diversity Income Fund	19 November 2010	22 November 2010
Schroder MM Diversity Balanced Fund	16 March 2012	16 March 2012

The Funds have been authorised by the Financial Conduct Authority (the FCA).

This Prospectus has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook COLL which forms part of the FCA Handbook of Rules and Guidance (the Regulations) and complies with the requirements of COLL 4.2.

As the Funds are authorised as non-UCITS retail schemes, they will not qualify for the cross border passporting rights available under the UCITS Directive to a UCITS scheme.

Valid as at (and dated); 1 December 2020

Contents

Definitions

Accumulation Unit

a Unit which accumulates the income arising in respect of that Unit so that it is reflected in the value of that Unit

AIFM

Alternative Investment Fund Manager pursuant to the AIFM Directive

AIFM Directive

Directive 2001/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers

AIFMD Rules

the provisions of: (i) Commission Delegated Regulation (EU) No 231/2013 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; and (ii) the provisions of the Regulations, including but not limited to, COLL and FUND, and any other applicable regulations implementing the AIFM Directive, in each case as may be altered, amended, added to or cancelled from time to time

Base Currency

the currency in which the Units, the accounts and the Unitholder's statement will be expressed (in each case GBP (£))

Business Day

a week day on which banks and the London stock exchanges are normally open for business in the UK. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday somewhere else or any other reason which impedes the calculation of the fair market value of the Fund or a significant position thereof, the Manager may decide that any business day shall not be construed as such

COLL

the Collective Investment Schemes Sourcebook, issued by the FCA, which provides a regime of product regulation for authorised funds and sets appropriate standards of protection for investors by specifying a number of product features of authorised funds and how they are to be operated

Dealing Day

a Business Day which does not fall within a period of suspension of calculation of the Net Asset Value per Unit of the relevant class or of the Net Asset Value of the relevant Fund (unless stated otherwise in this Prospectus) and such other day as the Manager may, with the consent of the Trustee, decide from time to time

ESMA

European Securities and Markets Authority

EUWA

European Union (Withdrawal) Act 2018

FCA

Financial Conduct Authority

FUND

the FUND Sourcebook, issued by the FCA, which stipulates requirements for firms covered by the AIFM Directive

Funds

all the authorised unit trust funds listed in this Prospectus or, where the singular is used, any one of those funds

GBP (£)

pounds sterling, or any currency which may be the lawful currency of the UK from time to time. Any change from Sterling to any other currency will take place by operation of law and in such circumstances will not require Unitholder consent

Income Unit

a Unit which distributes its income

Investment Adviser

a discretionary fund manager to one or more of the Funds

Manager

Schroder Unit Trusts Limited

Net Asset Value

the value of the scheme property attributable to a Fund less the liabilities of the Fund as calculated in accordance with the Trust Deed and the Regulations

Regulations

the rules as set forth by the FCA in its Handbook of Rules and Guidance

Trust Deed

the document constituting a Fund

Trustee

J.P. Morgan Europe Limited

UCITS

an "undertaking for collective investment in transferable securities" (a) established in an EEA State, within the meaning of points a) and b) of Article 1(2) of the UCITS IV Directive; or (b) (from the date on which the EUWA come into effect) established in an EEA state or the UK, within the meaning of section 236A of the Financial Services and Markets Act 2000, as amended.

UCITS Directive

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS

Unit

a unit in a Fund (or a fraction)

Unitholder

a holder of a Unit in a Fund

UK

United Kingdom

US Person

any person defined as a US person under Regulation S of the United States Securities Act 1933

USA or US

the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction

Management

Manager

The manager of the Funds is Schroder Unit Trusts Limited (the Manager), a company incorporated on 2nd April 2001 in England and Wales and authorised by the FCA with effect from December 2001. The Funds have an unlimited duration.

The Manager is the alternative investment fund manager (AIFM) of the Funds for the purposes of the AIFMD Rules and is authorised as an AIFM by the FCA in accordance with the AIFMD Rules.

Registered Office

1 London Wall Place
London EC2Y 5AU

Share Capital

Issued £9,000,001
Paid up £9,000,001

Directors (as at 1 December 2020):

J. Rainbow – Chairman
P. Chislett
C. Minio Paluello
S. Reedy
C. Thomson
P. Truscott
H. Williams

None of the above is engaged in any significant business activity which is not connected with the business of the Manager or any of its Associates.

Ultimate Holding Company

Schroders plc, a company incorporated in England and Wales.

Principal Duties and Activities of the Manager

The Manager is responsible for the portfolio management and risk management of the Funds in accordance with the AIFMD Rules.The duties and powers of the Manager include the following:

(A) giving instructions to the Trustee with respect to the creation and cancellation of Units;

(B) the management of the investments of the Funds in conformity with their investment objective and policy as set out in this Prospectus;

(C) the duty to ensure that regular valuations of the scheme property are carried out and to ensure that the Units are correctly priced;

(D) the making and revision of the investment objective and policy of the Funds;

(E) keeping a daily record of Units, including the type of such Units, which the Manager has purchased or sold on behalf of the Trustee;

(F) preparing a report and accounts of the Funds in respect of every accounting period and preparing an annual report in respect of each Fund;

(G) the provision of certain information to the Trustee;

(H) the supervision and oversight of any delegate which it has appointed; and

(I) taking all other action as necessary for the administration and management of the Funds other than those duties or powers which have been imposed or conferred on the Trustee by the Trust Deed of the relevant Fund.

Investment Management

The Manager has delegated investment management of the Funds to Schroder Investment Management Limited (the Investment Adviser), a company incorporated in England and Wales, whose registered office and principal place of business is at 1 London Wall Place, London, EC2Y 5AU. Schroder Investment Management Limited is authorised and regulated by the FCA.

The Manager and the Investment Adviser are subsidiary companies of Schroders plc.

The Manager is also the manager of authorised unit trusts and open-ended investment companies as set out in Appendix VI.

Terms of Agreement with Manager

The appointment of the Investment Adviser has been made under an agreement between the Manager and the Investment Adviser. The Investment Adviser has full discretionary powers over the investment of the property of each Fund subject to the overall responsibility and right of veto of the Manager. The agreement between the Manager and the Investment Adviser is terminable on two months' notice by either party thereto or without notice in the event of a material breach for 30 days or more by the other party and in certain insolvency or similar events. The agreement between the Manager and Investment Adviser may also be terminated with immediate effect when this is in the interests of Unitholders.

Principal Duties and Activities of the Investment Adviser

The principal duties and activities of the Investment Adviser are fund management and investment advice. The Investment Adviser is authorised to deal on behalf of the Funds. The Investment Adviser shall be entitled to receive for its own account by way of remuneration for its services a fee of such amount and payable on such basis as shall be agreed in writing from time to time between the parties.

Administration

Trustee and Custodian

The trustee for all Funds is J.P. Morgan Europe Limited (Trustee).The Trustee is a company limited by shares and incorporated in England and Wales. It is authorised by the FCA.

The Trustee is entrusted with the safekeeping of each Fund's assets. The Trustee also ensures that each Fund's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of a Fund has been booked in the cash account in the name of the Fund or the Custodian on behalf of the Fund.

All cash, securities and other assets constituting the assets of a Fund shall be held under the control of the Trustee on behalf of the Fund and its Unitholders. The Trustee shall ensure that the issue and redemption of Units in a Fund and the application of the Fund's income are carried out in accordance with the provisions of UK law and the trust deed, and the receipt of funds from transactions in the assets of the Fund are received within the usual time limits. In addition, the Trustee shall:

(A) ensure that the sale, issue, repurchase, redemption and cancellation of the Units of a Fund are carried out in accordance with the Regulations and the Trust Deed;

(B) ensure that the value of the Units of a Fund is calculated in accordance with the Regulations and the Trust Deed;

(C) carry out the instructions of the Manager, unless they conflict with UK law or the Trust Deed;

(D) ensure that in transactions involving a Fund's assets any consideration is remitted to a Fund within the usual time limits; and

(E) ensure that a Fund's income is applied in accordance with the Regulations and the Trust Deed.

The Trustee regularly provides the Manager with a complete inventory of all assets of the Funds.

The Trustee may, subject to certain conditions and in order to more efficiently conduct its duties, delegate part or all of its safekeeping duties over a Fund's assets including but not limited to holding assets in custody or, where assets are of such a nature that they cannot be held in custody, verification of the ownership of those assets as well as record-keeping for those assets, to one or more third-party delegates appointed by the Trustee from time to time. The Trustee has appointed JPMorgan Chase Bank as the Custodian of the property of the Funds (Custodian). For the financial instruments which can be held in custody, they may be held either directly by the Custodian or, to the extent permitted by applicable laws and regulations, through every third-party custodian/sub-custodian providing, in principle, the same guarantees as the Custodian itself to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation.

The Trustee shall exercise due skill, care and diligence in choosing and appointing the third-party delegates and in the periodic review and ongoing monitoring of any such third-party delegates and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Trustee shall not be affected by the fact that it has entrusted all or some of a Fund's assets in its safekeeping to such third-party delegates.

In the case of a loss of a financial instrument held in custody, the Trustee shall return a financial instrument of an identical type or the corresponding amount to a Fund without undue delay, except if such loss results from an external event beyond the Trustee's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Conflicts of Interest

As part of the normal course of global custody business, the Trustee may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping, fund administration or related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise (i) from the delegation by the Trustee to its safekeeping delegates or (ii) generally between the interests of the Trustee and those of the Fund, its Unitholders or the Manager; for example, where an affiliate of the Trustee is providing a product or service to a fund and has a financial or business interest in such product or service or receives remuneration for other related products or services it provides to the funds such as foreign exchange, securities lending, pricing or valuation, fund administration, fund accounting or transfer agency services. In the event of any potential conflict of interest which may arise during the normal course of business, the Trustee will at all times have regard to its obligations under applicable laws including Article 25 of the UCITS V Directive.

Up-to-date information regarding the description of the Trustee's duties and of conflicts of interest that may arise therefrom as well as from the delegation of any safekeeping functions by the Trustee will be made available to Unitholders on request at the Manager's registered office.

The Trustee is the Depositary of each of the Funds for the purposes of the AIFMD Rules.

Registered Office

25 Bank Street
Canary Wharf
London E14 5JP

Head Office

Chaseside
Bournemouth BH7 7DA

Ultimate Holding Company

JPMorgan Chase & Company incorporated in Delaware, USA

Principal office for unit trust business

Chaseside
Bournemouth BH7 7DA

Principal Business Activity

To act as trustee and depositary of collective investment schemes.

Principal Duties and Activities of the Trustee

The duties and powers of the Trustee in its role as Depositary of each Fund include the following:

(A) general oversight responsibilities including the provision of information to the Manager, safekeeping of the scheme property and preparation and delivery of the annual report to Unitholders; and

(B) asset monitoring and verification responsibilities including cash flow monitoring, asset verification and obligations relating to the prevention of anti-money laundering.

In accordance with the Trust Deed relating to each Fund neither the Trustee, nor the Custodian, or any other sub-custodian shall be permitted to re-use the scheme property.

The Trust Deed of each Fund does not provide for any contractual discharge of the liability of the Trustee in its role as Depositary of the Funds. Any changes to the liability of the Trustee in its role as Depositary of the Funds will be disclosed to investors Unitholders on www.schroders.co.uk without delay.

Fund Accounting

The Manager has delegated the functions of fund accounting services and valuation and pricing to J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London E14 5JP.

Customer Enquiries

The Customer Enquiries, Contract Settlement, Unit Issues and Redemptions, Distribution of Income and Record Keeping function has been delegated to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

Auditor

The auditor of the Funds is PricewaterhouseCoopers LLP (the Auditor) whose principal place of business is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.The Manager has entered into an engagement letter with the Auditor, whereby the Auditor agrees to provide annual audit services to the Funds and to audit the Funds' financial statements in accordance with the Statement of Recommended Practice for financial statements of authorised funds issued by the Investment Management Association in May 2014.

Legal Advisors

Simmons & Simmons LLP
City Point
One Ropemaker Street
London
EC2Y 9SS

Simmons & Simmons LLP are the legal advisers to the Funds as to matters of English law in connection with the offering of Units and subsequent advice to the Funds. Simmons & Simmons LLP has not represented, and will not represent, Unitholders in the Funds in respect of their investment in the Funds.

Register of Unitholders

The Manager is responsible for maintaining the register for each Fund. It has delegated certain registrar and transfer agency functions to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

Section 1

1. The Funds

1.1. Structure

The Funds are authorised unit trusts and are constituted pursuant to COLL. Each Fund is a non-UCITS retail scheme for the purposes of the categorisations of COLL.

Unitholders hold Units which reflect the value of the assets held by the relevant Fund. Unitholders will in no event be liable for the debt, if any, of the Funds.

The investment objective and policy of each Fund and information about the types of Units that are available for investment, charges and minimum investment amounts are set out in Appendix III. The assets of each Fund will be invested with the aim of achieving the investment objective and in accordance with the policy of the Fund.

The terms of each Fund, including the terms of their investment objectives and policies, may, subject to the provisions of and in accordance with COLL, be amended from time to time. In all cases, amendments will be notified to Unitholders. For all amendments that are not significant or fundamental, Unitholders will be informed at or after the date the amendment will take place.

Where amendments are deemed by the Manager to be significant to the Fund, Unitholders will be provided with at least 60 days' prior notice before the amendment.

Where the amendments are deemed by the Manager to be fundamental to the Fund, Unitholders will be asked to approve the change by way of an extraordinary resolution at a meeting of Unitholders.

1.2. Classes of Units

Unitholders are entitled to participate in the property of a Fund and the income from that property in proportion to the number of undivided shares in the Fund represented by the Units held by them. The nature of the right represented by Units is that of a beneficial interest under a trust.

The Trust Deed for each Fund permits the issue of different classes and types of Units. At the moment, each class may be made available as either Income Units and/or Accumulation Units. An Income Unit represents one undivided Unit which distributes its income and an Accumulation Unit represents an undivided Unit with the income arising from that undivided Unit being reflected in the Accumulation Unit value. The classes and types of Units that are currently available are stated in Appendix III.

Each class of Unit described in Appendix III may vary in characteristics such as whether it accumulates or pays out income or attracts different fees and expenses, and as a result of this monies may be deducted from classes in unequal proportions. In these circumstances the proportionate interests of the classes within a Fund will be adjusted in accordance with the provisions of the Trust Deed of that Fund relating to proportion accounts, details of which are set out below.

The Trustee may create one or more classes of Units as instructed from time to time by the Manager. The creation of additional Unit classes will not result in any material prejudice to the interests of Unitholders of existing Unit classes.

Holders of Income Units are entitled to be paid the income attributable to such Units in respect of each annual or interim accounting period. Holders of Accumulation Units are not entitled to be paid the income attributable to such Units, but that income is automatically added to (and retained as part of) the capital assets of the Fund attributable to Accumulation Units at the end of each annual or interim accounting period.

The price of Units is expressed in the currency of denomination of the relevant class as set out in Appendix III.

1.2.1. Unit Distributions

With effect from 6th April 2017, all Units will be gross paying Units. The income allocated to such Units is periodically distributed (Income Units) or added to capital (Accumulation Units) without deduction of any income tax.

1.2.2. Q Units

Investment into the Q Units is at the Manager's discretion. Before the Manager can accept a subscription into Q Units, a separate legal agreement must be in place between the investor and Manager containing terms specific to investment in the Q Units.

1.2.3. S Units

S Class Income and S Class Accumulation Units are available at the Manager's discretion to certain clients of the Schroder group wealth management business. Before the Manager can accept a subscription into S Units, a legal agreement must be in place between the investor and the relevant entity within the Schroder group wealth management business containing terms specific to investment in the S Units.

In the event that a Unitholder of the S Unit ceases to be a client of the Schroder group wealth management business, the Unitholder will cease to be eligible to hold S Units and the Manger will compulsorily switch the Unitholder into the most appropriate Income and/or Accumulation (as appropriate) Unit class of the fund. This means that the switch of S Units will be automatic without the need for Unitholders to submit a switching request to the Manager. Instead, by subscribing for S Units, Unitholders irrevocably permit the Manager to switch S Units on their behalf should they cease to be eligible to invest in the S Units.

1.2.4. T Units

Investment into T Units is at the Manager's discretion. Therefore, before the Manager can accept a subscription into T Units, a separate legal agreement must be in place between the investor and Manager containing terms specific to investment in the T Units.

1.3. Proportion Accounts

If more than one Unit class is in issue in a Fund, the proportionate interests of each class in the assets and income of the Fund shall be ascertained as set out in the Trust Deeds, the relevant provisions being set out as follows:

A notional account will be maintained for each class. Each account will be referred to as a "Proportion Account".

The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion

Accounts of a Fund at that time. The proportionate interest of a class of Unit in the assets and income of a Fund is its "proportion".

These will be credited to a Proportion Account:

- the subscription money (excluding any initial charges) for the issue of Units of the relevant class;
- that class's proportion of the amount by which the Net Asset Value of the Fund exceeds the total subscription money for all Units in the Fund;
- that class's proportion of the Fund's income received and receivable; and
- any notional tax benefit.

These will be debited to a Proportion Account:

- the redemption payment for the cancellation of Units of the relevant class;
- the class's proportion of the amount by which the Net Asset Value of the Fund falls short of the total subscription money for all Units in the Fund;
- all distributions of income (including equalisation if any) made to Unitholders of that class;
- all costs, charges and expenses incurred solely in respect of that class;
- that class's share of the costs, charges and expenses incurred in respect of that class and one or more other classes in the Fund, but not in respect of the Fund as a whole;
- that class's share of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole; and
- any notional tax liability.

Any tax liability in respect of the Fund and any tax benefit received or receivable in respect of the Fund will be allocated between classes in order to achieve, so far as possible, the same result as not materially to prejudice any class. The allocation will be carried out by the Manager after consultation with the Fund's auditors.

Where a class is denominated in a currency which is not the Base Currency of the Fund, the balance on the Proportion Account shall be converted into the Base Currency of the Fund in order to ascertain the proportions of all classes. Conversions between currencies shall be at a rate of exchange decided by the Manager as being a rate that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Fund to Unitholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

When Units are issued thereafter each such Unit shall represent the same proportionate interest in the property of the Fund as each other Unit of the same category and class then in issue in respect of that Fund.

The Fund shall allocate the amount available for income allocation (calculated in accordance with COLL) between the Units in issue relating to the Fund according to the respective proportionate interests in the property of the Fund represented by the Units in issue at the valuation point in question.

Section 2

2. Dealing in Units

2.1. Buying and Selling Units

The dealing office of the Manager is open from 9.00 a.m. until 5.30 p.m. each Business Day during which the Manager may receive requests for the buying and selling of Units. The time and price at which a deal takes place depends on the requirements of COLL affecting the pricing of Units.

Instructions accepted by the Manager before the valuation point as specified in Appendix III, will normally be executed at the relevant price per Unit, as defined below under paragraph 2.5, calculated on that Dealing Day (less any applicable redemption charge).

With the consent of the Trustee, the dealing office of the Manager may be open on days other than Business Days. On these other days, restrictions may be added to the opening hours and the types of business accepted.

The Units in the Funds are not listed or dealt in on any investment exchange.

2.1.1. Buying

Units may be purchased by sending a completed application form to the Manager or by telephoning 0800 182 2399 (Dealing). Please note that telephone calls may be recorded. In addition, the Manager may from time to time make arrangements to allow Units to be bought online or through other communication media. <u>The Manager may accept transfer of title by electronic communication.</u>

A contract note giving details of the Units purchased will be issued no later than the next Business Day after the Dealing Day on which an application to purchase Units is valued by the Manager.

The Manager will not accept an application for Units to the value of less than the minimum subscription amount as set out in Appendix III. If a holding falls below the minimum holding then the Manager reserves the right to redeem the Units on behalf of the Unitholder. The Manager reserves the right to reduce or waive the minimum investment levels.

The Manager may reject, on reasonable grounds, any application for Units in whole or in part. The Manager will return any money sent, or the balance, for the purchase of Units, at the risk of the applicant.

Default by a purchaser in payment of any moneys under the purchaser's application will entitle the Trustee to cancel any rights of the purchaser in the Units. In the case of default, the Manager will hold the purchaser liable, or jointly and severally liable with any agent of the purchaser, for any loss sustained by the Manager as a consequence of a fall in the price of Units.

The Manager will not pay interest on any monies held by it pending investment in Units.

2.1.2. Minimum Value of Holdings

The minimum value of holdings is set out in Appendix III. These limits may be waived at the Manager's discretion.

2.1.3. Pricing Basis

The Manager currently deals daily on a forward pricing basis i.e. at prices calculated by reference to the value of the property of the Fund at the next valuation point.

2.1.4. Certificates and Title

Certificates are not issued to Unitholders. Title to Units is evidenced by the entry on the register of Unitholders of the relevant Fund(s). Details of the register of Unitholders can be found under “Administration” above.

2.1.5. Restrictions on the Purchase of Units

The Manager may institute any restriction on the buying, selling or switching of Units to ensure that the law or government regulation of any country or territory is not breached and as such the Manager may reject in its discretion any application for the purchase, redemption or switching of Units in the Funds.

Unitholders or potential Unitholders who are nationals or citizens of jurisdictions outside the UK, or who are nominees of, custodians or trustees for, citizens or nationals of jurisdictions outside the UK should inform themselves about any laws or regulations that may impact upon their holding of Units in a Fund and in doing so should observe any applicable legal requirements. In particular it is the responsibility of Unitholders or potential Unitholders to satisfy themselves as to the full observances of the laws and regulatory requirements of the relevant jurisdiction including but not limited to the observance and payment of any taxes or duties as a result of owning Units in a Fund.

If the Manager becomes aware that Units in a Fund are owned directly or beneficially by a Unitholder in breach of any law or government regulation of any country or territory which would result (or would if other Units were acquired in a Fund) result in the Fund incurring any liability to taxation which a Fund would not be able to recover itself or suffering any other adverse consequences (including a requirement to register under any securities or investment law or government regulations of any jurisdiction or territory) or by virtue of which the Unitholder is not, or may not be, qualified to hold such Units the Manager may give notice in writing to the Unitholder requiring the redemption of such Units. If a Unitholder upon whom such a notice is served does not within thirty days after the date of such notice redeem the Units or establish to the satisfaction of the Manager that the Unitholder is qualified and entitled to own Units in the Fund, the Units shall be forcibly redeemed upon which normal settlement terms will then apply.

2.1.6. Selling Units

At any time during a Dealing Day when the Manager is willing to sell Units it must also be prepared to buy back Units. The Manager may refuse to buy back a certain number of Units if the redemption will mean that the Unitholder is left holding Units with a value of less than the minimum initial subscription amount.

Requests to sell Units in a Fund may be made by sending clear written instructions to the Manager or by telephoning on 0800 182 2399 (Dealing). Please note that telephone calls may be recorded. In addition, the Manager may from time to time make arrangements to allow Units to be sold online or through other communication media. The Manager may accept transfer of title by electronic communication.

A contract note giving details of the number and price of the Units sold back to the Manager will be sent to Unitholders no later than the next Business Day after the Units were valued. In the event that the Manager requires a signed form of renunciation, e.g. in respect of joint Unitholders, corporate Unitholders or redemptions dealt through an agent, a form of renunciation will be attached. Redemption cheques will be issued within four Business Days of receipt by the Manager of the instruction and, if appropriate, the duly completed documentation.

Unit trusts should generally be regarded as medium- to long-term investments. Instructions for redemption are irrevocable. Significant delays in payment of the proceeds of redemption can occur in cases where a Unitholder has not advised the Manager in advance of a change of address.

2.1.7. Switching Units

A Unitholder may switch all or some of his or her Units within classes of the same Fund or for Units of any class within a different Fund. A switch involves the sale of the original Units and the purchase of new Units on the same Dealing Day. The number of new Units issued will be determined by reference to the respective prices of the old and new Units at the valuation point applicable when the old Units are sold and the new Units are bought.

If the switch results in a Unitholder holding a number of old Units or new Units of a value which is less than the minimum holding of the Fund concerned, the Manager may, at its discretion, convert the whole of the Unitholder's holdings of old Units to new Units or refuse to effect any switch of the old Units. No switch will be made during any period when the right of Unitholders to require the redemption of their Units is suspended. The general provisions on selling Units shall apply equally to a switch.

Requests to switch Units may be made by sending a completed application form to the Manager. In addition, the Manager may from time to time make arrangements to allow Units to be switched online or through other communication media. The Manager may accept transfer of title by electronic communication.

Unitholders subject to UK tax should note that a switch of Units within the same Fund should not be treated as a disposal for the purposes of capital gains taxation. However, switches of Units within the same Fund will be chargeable if they involve a switch from a hedged to an unhedged class, or vice versa or a switch between classes hedged to different currencies. Unitholders subject to UK tax should note that a switch of Units between different Funds is treated as a disposal for purposes of capital gains taxation.

2.1.8. In Specie Cancellation

If a Unitholder requests the redemption or cancellation of Units, the Manager may, if it considers the deal substantial in relation to the total size of the relevant Fund, arrange for the Trustee to cancel Units and transfer an appropriate amount of the property of the Fund to the Unitholder instead of paying the price of the Units in cash. A deal involving Units representing 5% or more in value of the property of the Fund will normally be considered substantial, although the Manager may in its discretion agree an in specie cancellation with a Unitholder whose Units represent less than 5% in value of the property of the Fund.

Before the proceeds of cancellation of the Units become payable, the Manager will give written notice to the Unitholder that property of the Fund will be transferred to that Unitholder.

The Manager will select the property to be transferred in consultation with the Trustee. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the Unitholder requesting cancellation than to continuing Unitholders. The Trustee will retain from that property the value (or amount) of any redemption charge.

2.1.9. Transfers of Units

Unitholders may request a transfer of Units to another investor by sending a stock transfer form to the Manager. The Manager may accept electronic instructions to transfer Units.

2.2. Pricing of Units

2.2.1. Valuation Point

The Manager is responsible for the proper valuation of the assets of each Fund and for the calculation and publication of the Net Asset Value of each Fund and the Net Asset Value per unit of each class of units. The valuation points of the Funds are stated in Appendix III. Funds are valued on Business Days. This is with the exception of Christmas Eve and New Years Eve or the last Business Day prior to those days annually, when the valuation may be carried out at a time agreed in advance between the Manager and the Trustee.

For non Business Days, valuations may be carried out at a time agreed in advance between the Manager and the Trustee.

The Manager may also, if the Trustee agrees, change the valuation point on any day. The Manager may also carry out an additional valuation, if the Manager believes that due to exceptional circumstances there is good and sufficient reason to do so, having regard to the interests of Unitholders or potential Unitholders.

2.2.2. Publication of Prices

The most recent buying and selling prices will appear daily on the Schroders website (www.schroders.co.uk). This is our primary method of price publication.

2.2.3. Equalisation

When an incoming Unitholder purchases a Unit during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the Net Asset Value of the Fund. The first allocation of income in respect of that Unit refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amount of income included in the creation price of Units of the type in question issued or re-issued in a grouping period by the number of those Units and applying the resulting average to each of the Units in question.

Grouping periods are consecutive periods within each annual accounting period, being the interim or half yearly accounting periods (including the period from the end of the last interim or half yearly accounting period in an annual accounting period to the end of that annual accounting period) as specified in Appendix III. If there is no distribution of income at the interim or half yearly accounting periods, the periods for grouping of Units will be annual accounting periods. Grouping is permitted by the Trust Deeds for the purposes of equalisation.

2.2.4. Calculation of Net Asset Value

The Net Asset Value of the property of each Fund shall be determined in accordance with the relevant rules set out in Appendix V.

2.2.5. Liquidity Risk Management

The Manager has, in accordance with the AIFMD Rules, established a comprehensive liquidity risk monitoring framework to ensure that all the dimensions of liquidity risk are identified, assessed and monitored on an on-going basis. This includes liquidity stress test scenarios that are designed to assess the resilience of the liquidity profile of the Funds to a combination of:

– very unfavourable market liquidity conditions; and

– large-scale, short-notice capital outflows.

The objective is to ensure that the Funds are able to comply as far as possible at all times, and under stressed market conditions, with the relevant regulatory repurchase obligations and that the liquidity of the Funds remains in line with the respective investment policy and overall risk profile.

2.2.6. Suspension

The Manager may, if the Trustee agrees, or shall if the Trustee so requires, temporarily suspend the issue, cancellation, sale and redemption of Units if the Manager or Trustee (in the case of any requirement by the Trustee), believes that due to exceptional circumstances there is good and sufficient reason to do so, having regard to the interests of Unitholders or potential Unitholders. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager will comply with COLL 6.3 (Valuation and Pricing) during the period of suspension to the extent practicable in light of the suspension.

On suspension, the FCA shall be immediately notified and as soon as practicable given written confirmation of the reasons for the suspension. Unitholders will be notified of any suspension as soon as practicable after the suspension commences, including details of the exceptional circumstances which have led to the suspension and giving Unitholders details of how to find further information about the suspension.

The suspension shall only continue for as long as the Manager and Trustee deem it to be justified in the circumstances having regard to the interests of Unitholders. Where such suspension takes place, the Manager will publish details on its website or by other general means, giving sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration. The suspension will be reviewed at least every 28 days and Unitholders will be notified of any suspension as soon as practicable after the suspension commences.

Re-calculation of dealing prices will commence on the Business Day immediately following the end of the suspension, at the relevant valuation point.

2.3. Market Timing Policy, Late Trading Policy and Fair Value Pricing

The Manager does not knowingly allow investments which are associated with market timing activities, as these may adversely affect the interests of all Unitholders.

In general, market timing refers to the investment behaviour of a person or group of persons buying, selling or switching Units on the basis of predetermined market indicators. Market timing may also be characterised by transactions that seem to follow a timing pattern or by frequent or large transactions in Units.

In practice, the underlying property of a Fund which invests in non-European markets or other collective investment schemes is usually valued on the basis of the last available price as at the time when the Net Asset Value of the property in the Fund in calculated. The time difference between the close of the markets in which the Fund invests, and the point of valuation, can be significant. For example, in the case of a US traded security, the last available price may be as much as 14 hours old. Market developments which could affect the value of these securities can occur between the close of the markets and the point of valuation, will therefore not normally be reflected in the Net Asset Value per Unit of the relevant Fund.

Accordingly, the Manager may, whenever it is deemed it to be appropriate and in the interests of Unitholders, implement one, or both of the following measures:

- to reject any application for switching and/or subscription of Units from Unitholders or potential Unitholders whom it considers to be associated with market timing activity. In such circumstances the Manager may combine Units which are under common ownership or control for the purposes of ascertaining whether Unitholders can be deemed to be involved in such activities; and

- where a Fund is invested in markets which are closed for business at the time a Fund is valued, allow for the Net Asset Value per Unit to be adjusted to reflect more accurately the fair value of the Fund's underlying property at the point of valuation (fair value pricing).

The Manager uses an independent agent to provide fair valuation analysis. The adjustment of the Net Asset Value per Unit of a Fund so as to reflect the fair value of the portfolio as at the point of valuation is an automated process. Adjustment factors are applied daily at an individual asset level to independently sourced market prices. The adjustment process covers all equity markets that are closed at the relevant Valuation Point and all Funds that have exposure to these markets are fair value priced. In applying fair value pricing, the Manager is seeking to ensure that consistent prices are applied across all relevant Funds. Fixed income and other asset classes are currently not subject to fair value pricing.

Late Trading is not permitted. "Late Trading" is defined as the acceptance of a subscription, redemption or switch order received after the Fund's applicable valuation point for that Dealing Day. As such, orders will not be accepted using the price established at the valuation point for that Dealing Day if orders are received after that time. Late Trading will not include a situation in which the Manager is satisfied that orders which are received after the valuation point have been made by investors before then (e. g. where the transmission of an order has been delayed for technical reasons).

Section 3

3. General Information

3.1. Charges and Expenses

3.1.1. Initial Charge

The Manager is entitled under the Trust Deeds to make an initial charge which is included in the issue price of the Units (the Initial Charge). The Initial Charge may be waived at the Manager's discretion. Details of the current initial charge (if any) of each Fund is set out in Appendix III.

3.1.2. Selling Charge

The Manager currently makes no charge on the sale of Units of each Fund. However, the Manager reserves the right to charge up to 5% on the sale of Units that have been held by the selling Unitholder for less than 1 year. The charge will be subsequently reduced by 1% for each complete year that the Units have been held. Unitholders will be given not less than 60 days' notice of the introduction of any such charge. Where a Unitholder has acquired Units at different times and seeks to redeem Units, he will be treated, for the purposes of any selling charge applied, as selling Units in the order in which they were acquired.

If selling charges are introduced, and then such charges are changed, historical rates will be available from the Manager on request.

3.1.3. Annual Management Charge

The Manager is also entitled under the Trust Deeds to receive an annual management charge (the Annual Management Charge) out of the property of each Fund.

The Annual Management Charge is accrued on the prior day's Net Asset Value of the Fund (or, where more than one Unit class is in issue, on a class by class basis). For this purpose the value of a Fund is inclusive of the creations and cancellations which take effect as at the relevant valuation point. This charge is accrued daily and payable on, or as soon as is practicable after, the last Business Day in that calendar month. The current rate of the Annual Management Charge for each Fund is set out in Appendix III.

The Annual Management Charge for Schroder MM Diversity Fund, Schroder MM UK Growth Fund, Schroder MM International Fund, Schroder MM Diversity Tactical Fund and Schroder MM Diversity Balanced Fund will be taken from the income. The Annual Management Charge for Schroder MM Diversity Income Fund will be taken from capital. If charges are applied in whole or part to capital, this may result in capital erosion or constrain capital growth.

Discounts to the Annual Management Charge

The Manager passes on some of the benefits of potential savings generated by significant growth in assets under management by discounting the Annual Management Charge payable in respect of retail Unit Classes in the Funds. The size of the discount to the usual Annual Management Charge is determined by the size of the relevant Fund (as set out below) and is capped at 0.05%.

For equity funds:

- the Annual Management Charge payable in respect of retail Unit Classes in Funds with £1 billion plus of assets under management is discounted by 0.02%.
- the Annual Management Charge payable in respect of retail Unit Classes in Funds with £2 billion plus of assets under management is discounted by 0.04%.
- the Annual Management Charge payable in respect of retail Unit Classes in Funds with £3 billion plus of assets under management is discounted by 0.05%.

A numerical example for equity funds is set out below.

Unit Trust assets under management	Discounted Annual Management Charge for a retail Unit Class (for example a Class A Unit) Annual Management Charge: 1.50%
£1.8bn	1.48%
£2.4bn	1.46%
£3.0bn and above	1.45%

For fixed income and multi-asset funds, a 0.02% discount is applied to the Annual Management Charge payable in respect of retail Unit Classes in Funds with £1 billion plus of assets under management and a further 0.02% discount is applied for each further £2 billion plus of assets under management, subject to a cap of 0.05%.

A numerical example for fixed income and multi-asset funds is set out below.

Unit Trust assets under management	Discounted Annual Management Charge for a retail Unit Class (for example a Class A Unit) Annual Management Charge: 1.50%
£1.8bn	1.48%
£2.4bn	1.48%
£3.0bn	1.46%
£4.0bn	1.46%
£5.0bn and above	1.45%

The Manager reviews the Net Asset Value of each of the Funds on a daily basis and implements the applicable discount on a forward basis on the next Dealing Day.

The Manager reserves the right to change the Net Asset Value ranges at which discounts apply or the discount applied for any given Net Asset Value range. In the event of any such change, the Manager will notify Unitholders in writing.

3.1.4. Administration Charge

The Manager makes a charge of up to 0.15% per annum of the Net Asset Value of each Fund for its administration services including registrar services the Administration Charge).

The Administration Charge is calculated and accrued daily on the Net Asset Value of each Fund. For this purpose the value of a Fund is inclusive of the creations and cancellations which take effect as at the relevant valuation point. The Administration Charge is payable on, or as soon as is practicable after, the last Business Day in that calendar month. All or part of the Administration Charge may be waived at the Manager's discretion.

As the Administration Charge is a fixed percentage of the Net Asset Value of a Fund it will not vary with the cost of providing the relevant services. As such the Manager could make a profit (or loss) on the provision of those services, which will fluctuate over time on a Fund by Fund basis.

3.1.5. Increase in Initial Charge, Annual Management Charge or Administration Charge

Any increase in the Manager's Initial Charge, Annual Management Charge or the Administration Charge basis upon which its expenses are reimbursed may be made by the Manager, if it is determined by the Manager to be a significant rather than a fundamental change, as set out in the Regulations only after:

(A) giving 60 days' written notice in writing to all affected Unitholders (in the case of an increase of the annual management charge or any savings plan (in the case of the preliminary charge)); and

(B) the Manager revising this Prospectus to reflect the increase.

If the charge is deemed to be fundamental, it will require the approval of Unitholders in accordance with the Regulations and COLL.

3.1.6. Trustee's Fees and Expenses

The Trustee's remuneration, which is payable out of the assets of each Fund, is a periodic charge at such annual percentage of the value of the property of the Fund as set out in the table below, with the property of the Fund being valued and such remuneration accruing and being paid on the same basis as the Manager's annual management charge. Currently, the Manager and the Trustee have agreed that the Trustee's remuneration in respect of each Fund shall be calculated on a sliding scale as follows:

Band Range	Fee
On the first £500 million of the value of the property of the Fund	0.009%
On the next £500 million of the value of the property of the Fund	0.005%
Where the value of the property of the Fund exceeds £1 billion	0.001%

The Trustee is also entitled to receive out of the property of each Fund remuneration for performing or arranging for the performance of the functions conferred on the Trustee by each Fund's Trust Deed or the Regulations. The Trustee's remuneration under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the Trustee's periodic charge is to be made or as soon as practicable thereafter. Currently the Trustee does not receive any remuneration or service charges under this paragraph.

In addition to the remuneration referred to above, the Trustee will be entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to each Fund, subject to approval by the Manager.

The Trustee has appointed J.P. Morgan Chase Bank N.A (London Branch) (the Custodian) as the Custodian of the property of each Fund and is entitled to receive reimbursement of the Custodian's fees as an expense of the Fund. The Custodian's remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of each Fund are held. Currently, the lowest rate is 0.0005% and the highest rate is 0.4% In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £2 to £100 per transaction.

The Trustee is also entitled to be reimbursed out of the property of each Fund in respect of remuneration charged by the Custodian for such services as the Manager, Trustee and the Custodian may from time to time agree, being services delegated to the Custodian by the Trustee in performing or arranging for the performance of the functions conferred on the Trustee by the Trust Deed, COLL or the Regulations. Remuneration charged under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears. Currently the Custodian does not receive any remuneration under this paragraph.

The Trustee is permitted to increase its remuneration and the basis upon which its expense and disbursements are reimbursed subject to the agreement of the Manager. If the charge materially increases the payment out of the Fund, written notice will be given in the same manner as for an increase in the Manager's Annual Management Charge. If any such charge is deemed to be fundamental, it will require the approval of Unitholders in accordance with the Regulations and COLL.

3.1.7. Other Expenses of each Fund

The Auditors and Legal Advisers are paid fees at normal commercial rates. Such fees may be changed by mutual agreement from time to time.

Save as disclosed herein there are no maximum amounts of fees, charges and expenses borne (directly or indirectly) by Unitholders and such amounts will depend on a number of factors including, but not limited to, portfolio turnover and level of borrowings.

No payments may be made out of the property of the Funds other than payments permitted by COLL and the following (to the extent of the actual amount incurred)::

(A) brokers' commission;

(B) fiscal charges;

(C) other disbursements which are:

(1) necessarily incurred in effecting transactions for the Fund; and

(2) normally shown in contract notes, confirmation notes and difference accounts as appropriate.

(D) interest on borrowings permitted under COLL and charges incurred in effecting, terminating, negotiating or varying the terms of such borrowings;

(E) any applicable taxes and duties payable in respect of the property of the Fund, the Trust Deed or the issue of Units;

(F) any costs incurred in modifying the relevant Trust Deed, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the relevant Trust Deed, where the modification is:-

(1) necessary to implement any change in the law;

(2) necessary as a direct consequence of any change in the law (including changes to COLL);

(3) expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders, or

(4) to remove obsolete provisions from the relevant Trust Deed;

(G) any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager;

(H) liabilities on unitisation, amalgamation or reconstruction, in accordance with COLL;

(I) the audit fees and any proper expenses of the auditors;

(J) the legal fees and any other proper expenses of the legal advisers;

(K) the fees of the FCA and any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Fund are or may be marketed;

(L) any sum due or payable by virtue of any provision of the Regulations;

(M) costs of establishing and maintaining the register and/or plan sub-register.

Subject to current HM Revenue & Custom (HMRC) regulations, Value Added Tax at the prevailing rate may be payable in connection with the Trustee's remuneration, the Custodian's remuneration and, where appropriate the expenses in A) to M) above.

3.1.8. Exemption from Liability to Account for Profits

The Manager, Trustee and Custodian are not liable to account to the Unitholders of any Fund for any profits or benefits that they make or receive that are derived from or in connection with:

(A) dealings in the Units of a Fund;

(B) any transaction in Fund property; or

(C) the supply of services to the Fund.

The Manager is under no obligation to account to the Trustee or to Unitholders for any profit it makes on buying or selling Units.

3.2. Reporting, Distributions and Accounting Dates

3.2.1. Report and Accounts

Following the removal of the requirement to produce short reports by the FCA, the Manager will not produce short reports for half-yearly and annual accounting periods ending after 1 January 2017.

The Manager will, within four months after the end of each annual accounting period and two months after the end of each half-yearly accounting period respectively, make available full report and accounts, free of charge, on request or online at www.schroders.co.uk.

The annual report will be prepared and made available to investors in accordance with the AIFMD Rules.

3.2.2. Periodic and Regular Disclosure

As required by the AIFM Rules, and if applicable, the following information will be disclosed to Unitholders on a semi-annual basis by way of the semi-annual reports of the Funds, or, if the materiality so justifies, notified to Unitholders separately:

(A) the percentage of any of the Funds' assets that are subject to special arrangements arising from their illiquid nature (including, but not limited to, suspension of the issue, cancellation, sale and redemption of Units and deferrals on redemptions,);

(B) any new arrangements for managing the liquidity of the Fund including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager; provided that Unitholders will be notified immediately where the issue, cancellation, sale and redemption of Units is suspended, when redemptions are suspended or where other similar special arrangements are activated;

(C) the current risk profile of the Funds and the risk management systems employed by the Manager to manage those risks;

(D) any changes to the maximum level of leverage which the Manager may employ on behalf of the Funds as well as any right of the reuse of collateral or any guarantee granted under any leveraging arrangement; and

(E) the total amount of leverage employed by each of the Funds.

The most recent semi-annual or annual report can be found at www.schroders.com.

The Manager will also make available upon request all information required to be provided to Unitholders under the AIFMD Rules, including: (i) all relevant information regarding conflicts of interest; (ii) any collateral and asset reuse arrangements, including any right to reuse collateral and guarantees granted under any leveraging agreement; (iii) information on any preferential treatment granted to certain Unitholders; and (iv) the risk profile of each Fund.

3.2.3. Accounting and Income Distribution Dates

The Funds' annual accounting dates, half yearly accounting dates and income allocation dates are listed in Appendix III.

Each holder of Income Units is entitled, on the relevant income allocation date, to the net income attributable to that holding. Net income on Accumulation Units is not distributed but is automatically accumulated in the value of each Unit.

Distributions will be paid by crediting a Unitholder's bank or building society account.

Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will revert to the Fund.

The Manager reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes or when deemed to be in the interests of the Fund.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Fund in respect of that period, and deducting the aggregate of the Manager's and Trustee's remuneration and other payments properly paid or payable out of the income account in respect of that accounting period and adding the Manager's best estimate of any relief from tax on that remuneration and those other payments.

The Manager then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, the proportion of the prices received or paid for Units that is related to income (taking into account any provisions in the Trust Deed), income equalisation, potential income which is unlikely to be reduced until 12 months after the income allocation date, income which should not be accounted for on an accrual basis because of law of information as to how it accrues, transfers between the income and capital accounts and other matters.

3.3. UK Taxation

The taxation of income and capital gains of both the Funds and Unitholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which Unitholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice and applies only to persons holding Units as an investment.

Prospective Unitholders should consult their own professional advisers on the tax implications of making an investment in, holding or disposing of Units and the receipt of distributions and deemed distributions with respect to such Units under the laws of the countries in which they may be liable to taxation.

This summary is based on the taxation law and practice in force at the date of this document, but prospective Unitholders should be aware that the relevant fiscal rules and practice or their interpretation might change. The following tax summary is not a guarantee to any investor of the tax results of investing in the Funds.

3.3.1. Taxation of the Funds

As the Funds are authorised by the FCA as unit trust funds, they are exempt from UK tax on capital gains realised on the disposal of investments held by them (including interest-paying securities and derivatives contracts). Certain Funds may invest in offshore funds which, in certain circumstances, may give rise to gains which are categorised as income rather than capital gains for UK tax purposes and so are chargeable to corporation tax.

Dividends from UK and from overseas companies (and any part of dividend distributions from authorised unit trusts and open-ended investment companies which represent those dividends) are generally not subject to corporation tax.

The Funds will each be subject to UK corporation tax at a current rate of 20% on other types of income but after deducting allowable management expenses and the gross amount of interest distributions, where relevant. Where a Fund suffers foreign tax on income received, this may in some circumstances be deducted from the UK tax due on that income.

A Fund will make dividend distributions except where over 60% of its property has been invested throughout the distribution period in qualifying assets (broadly interest-paying investments), in which case it will make interest distributions. Dividend and interest distributions made or treated as made by each Fund are not subject to UK withholding tax.

3.3.2. Taxation of the Unitholders

Each Fund will be treated for tax purposes as distributing to its Unitholders for each distribution period the whole of the income shown in its accounts as being income available for payment to Unitholders or for reinvestment, regardless of the amount actually distributed. Accordingly, any excess of the amount so shown over the income actually distributed will be deemed to be distributed to Unitholders in proportion to their respective interests in the Fund. The date of any such deemed distribution will be determined by the Fund's relevant interim or annual income allocation date (details of which are given above).

3.3.3. Dividend Distributions

UK resident individual Unitholders

Where Units are held outside an ISA, total dividends received in a tax year up to the tax free dividend allowance will be free of income tax. Dividends totalling in excess of that amount will be subject to the Unitholder's marginal rate of tax. The rates applicable to dividend income are 7.5%, 32.5% and 38.1% where they fall within the basic rate, higher rate and additional rate bands respectively. Dividends received on Units held within an ISA will continue to be tax-free.

UK resident corporate Unitholders

Corporate Unitholders who receive dividend distributions may have to divide them into two (in which case the allocation between franked investment income and unfranked income received will be set out on the tax voucher). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Unitholders may, depending on their circumstances, be liable to tax on the gross distribution, subject to credit for the tax deemed deducted.

The corporate streaming rules also limit the maximum amount of income tax that may be reclaimed from HMRC on the unfranked stream. The maximum amount reclaimable by a corporate Unitholder is the corporate Unitholder's portion of the Fund's net liability to corporation tax in respect of gross income. The tax voucher will state the Fund's net liability to corporation tax in respect of the gross income.

3.3.4. Interest Distributions

Bond funds pay interest distributions without the deduction of withholding tax (which will be automatically reinvested in the Fund in the case of Accumulation Units).

UK resident individual Unitholders

Where Units are held within an ISA, this income is free of tax. For Units held outside an ISA, a Personal Savings Allowance (the Allowance) is available to exempt the first £1,000 of interest income from tax in the hands of basic rate taxpayers. The Allowance is £500 for higher rate taxpayers and nil for additional rate taxpayers. Total interest received in excess of the Allowance in a tax year will be subject to tax at the Unitholder's marginal rate of tax. The rates applicable to savings income are 20%, 40% and 45% for tax year 2020-21 where they fall within the basic rate, higher rate and additional bands respectively.

UK resident corporate Unitholders

UK resident corporate Unitholders should note that where they hold a Fund which makes interest distributions, gains will be subject to loan relationship rules.

3.3.5. Income equalisation

The first income allocation received by a Unitholder after buying the Units may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the Unitholder as part of the purchase price. It is a return of capital, and it is not taxable. Rather it should be deducted from the acquisition cost of the Units for capital gains tax purposes. There is an exception to this rule when the equalisation forms part of the first income distribution following a switch or share class conversion, in which case the entire distribution should be treated as income and no part of it will represent a return of capital.

3.3.6. Capital Gains

UK resident individual Unitholders

Unitholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Units. However, if the total gains from all sources realised by an individual Unitholder in a tax year, after deducting allowable losses, are less than the annual exemption, there is no capital gains tax to apply. Individual Unitholders with net gains in excess of the annual exemption will be chargeable to capital gains tax at the rate of tax applicable to them. Where income equalisation applies (see above), the buying price of Units includes accrued income which is repaid to the investor with the first allocation of income following the purchase. This repayment is deemed to be a repayment of capital and is therefore made without deduction of tax but must be deducted from the investor's base cost of the relevant Units for purposes of calculating any liability to capital gains tax.

UK resident corporate Unitholders

Corporate Unitholders within the charge to UK corporation tax will be subject to corporation tax on gains arising from the redemption, transfer or other disposal of Units.

Individual Unitholders will find further information in HMRC's Help Sheets, available at www.hmrc.gov.uk/sa/forms/content.htm or from the Orderline 0845 9000 404 to help them complete their tax returns.

This summary on tax issues relating to Funds is an overview only and investors should consult their own tax adviser for a more detailed analysis of tax issues arising for them from investing in a Fund.

3.3.7. Automatic Exchange of Information: US Foreign Account Tax Compliance Act 2010 (FATCA) and OECD Common Reporting Standard 2016 (CRS)

FATCA was enacted in the United States of America on 18 March 2010 as part of the Hiring Incentives to Restore Employment Act. It includes provisions under which the Manager as a Foreign Financial institution (FFI) may be required to report directly to the Internal Revenue Service (IRS) certain information about Units in a Fund held by US tax payers or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with FATCA regime could be subject to 30% withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income made to the Manager. On 30 June 2014 the United Kingdom entered into a Model 1 Intergovernmental agreement (IGA) with the United States of America.

CRS has been implemented by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014. CRS was implemented among most member states of the European Union on 1 January 2016. Under CRS, the Manager may be required to report to HMRC certain information about Units held in a Fund or Funds by Unitholders who are tax resident in a CRS participating country and to collect additional identification information for this purpose.

In order to comply with its FATCA and CRS obligations, the Manager may be required to obtain certain information from Unitholders so as to ascertain their tax status. Under the FATCA IGA referred to above, if the Unitholder is a specified US person, a US owned non-US entity, non- participating FFI or does not provide the requisite documentation, the Manager will need to report information on these Unitholders to HMRC, in accordance with applicable laws and regulations, which will in turn report this to the IRS. Under CRS, if the Unitholder is tax resident in a CRS participating country and does not provide the requisite documentation, the Manager will need to report information on these Unitholders to HMRC, in accordance with applicable laws and regulations. Provided that the Manager acts in accordance with these provisions it will not be subject to withholding tax under FATCA.

Unitholders and intermediaries should note that it is the existing policy of the Manager that Units are not being offered or sold for the account of US Persons or Unitholders who do not provide the appropriate CRS information. Subsequent transfers of Units to US Persons are prohibited. If Units are beneficially owned by any US Person or a person who has not provided the appropriate CRS information, the Manager may in its discretion compulsorily redeem such Units. Unitholders should moreover note that under the FATCA legislation, the definition of specified US persons will include a wider range of Unitholders than the current US Person definition.

3.4. Unitholder Rights

3.4.1. Legal implications of investment in the Funds

The main legal implications of the relationship entered into for the purpose of investment in each of the Funds are as follows:

(A) By submitting an application for Units to the Manager, the investor makes an offer for Units which, once it is accepted has the effect of a binding contract to subscribe for Units.

(B) Upon the issue of Units, a Unitholder becomes a deemed party to the relevant Trust Deed. The Trust Deed is binding upon each Unitholder as if he had been a party to it and Unitholders are bound by its provisions. The Trust Deed authorises and requires the Trustee and the Manager to do the things required of them or permitted by its terms.

(C) As a matter of contract law, the Trust Deed represents a binding contract between the Manager, the Trustee and the Unitholders.

(D) As a matter of trust law, the Trust Deed constitutes a trust arrangement between the Unitholders, the Manager and the Trustee, pursuant to which the scheme property of the Fund is held on trust by the Trustee for the benefit of Unitholders and managed by the Manager.

(E) The rights of Unitholders against the Manager and the Trustee under the Trust Deed are in addition to their rights under the rules in COLL and the general law.

(F) The Trust Deed can be amended by agreement between the Manager and the Trustee.

(G) An investor's liability to the Fund in relation to its investment will, subject to the terms of the application form and any other terms agreed separately, generally be limited to the value of that investment.

(H) The investment contract will be governed by and construed in accordance with English law. Any legal action or proceedings arising out of or in connection with the investment contract must be brought exclusively in the English courts.

(I) Judgments from overseas courts may be recognised and enforced by the Courts of England and Wales without re-examination of the merits where some form of reciprocal enforcement arrangement is in place. Instruments governing such reciprocal enforcement arrangements include the Brussels Regulation and the Brussels and Lugano Conventions in respect of judgments from the courts of EU member states, Iceland, Switzerland and Norway (the Brussels regime) and by the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 (covering most Commonwealth and some other countries – the Statutory regime). In other cases, under the English common law a final and conclusive foreign judgment given by a competent court potentially creates an obligation that is actionable in England and Wales through the institution of fresh legal proceedings, to which various defences are available to a defendant. There is also provision in England and Wales for the enforcement of European Enforcement Orders obtained under the European Enforcement Orders Regulation, European Orders for Payment, judgments obtained under the European Small Claims Procedure, Community judgments and judgments from other parts of the UK. Where a judgment falls within the scope of the Brussels regime, an application can be made to register it. A registration order must be made if the required formalities have been complied with. There are limited grounds of appeal against the making of the order. Where a judgment falls under the Statutory regime an application can be made to register it. There are various grounds for non-registration and on which registration will be set aside. Once registered under either regime, a judgment will be treated as if it was a judgment of the English court for enforcement purposes.

Absent a direct contractual relationship between the Unitholder and the relevant service provider, Unitholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Unitholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against any of the Funds, by the relevant service provider is, prima facie, the relevant Fund itself or the Manager acting on behalf of the Fund, as the case may be.

3.4.2. Meetings of Unitholders and voting rights

The convening and conduct of general meetings of Unitholders of each Fund and the voting rights of Unitholders at such meetings is governed by the Regulations and COLL.

The quorum for such meetings shall be two Unitholders either present in person or by proxy. Notice convening a general meeting of Unitholders will be given in accordance with the Regulations and COLL.

Except where an extraordinary resolution is required or permitted, a resolution of Unitholders is required to be passed by a simple majority of votes cast at a general meeting of Unitholders.

At any meeting of the Unitholders of a Fund, a resolution put to the vote should be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the Regulations and COLL by the chairman of the meeting, by the Trustee or by two or more Unitholders. On a show of hands every holder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard shall have one vote. On a poll votes may be given either personally or by proxy or in another manner permitted by the instrument constituting each Fund. The voting rights attaching to each Unit on a poll are the proportion of the voting rights attached to all Units in issue in the Fund that the price of the Units bears to the aggregate price or prices of all of the Units in issue calculated on a date specified pursuant to the Regulations and COLL. A Unitholder need not use all his votes or cast all of his votes in the same way.

A Unitholder which is a corporation may authorise such person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Unitholder.

For joint Unitholders of a Unit, only the vote of the first mentioned in the Register of Unitholders can be taken.

A Unitholder may appoint another person to attend a general meeting and vote in his place. An instrument of proxy may be in the usual common form or in any other form which the Trustee shall approve executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised. A person appointed to act as a proxy need not be a Unitholder. For the appointment of a proxy to be effective, the instrument of proxy must be received as provided pursuant to the Regulations and COLL not less than 48 hours before the relevant meeting or adjourned meeting.

The Manager may not be counted in the quorum for a general meeting, and neither the Manager nor any associate of the Manager is entitled to vote at any general meeting except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

"Unitholders" in this context means unitholders on the date seven days before the notice of meeting is deemed to have been served, but excluding persons who are known to the Manager not to be unitholders at the time of the meeting.

3.4.3. Notices to Unitholders

All notices or documents about the Funds will be sent to the address of the first named Unitholder only as appearing on the register or by electronic means. A notice is duly served if it is delivered to the address of the first named Unitholder as appearing in the register or is delivered by electronic means in accordance with COLL.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day. All documents and remittances are sent at the risk of the Unitholder.

3.4.4. Fair Treatment of Unitholders

Under each of the Trust Deeds the Trustee and the Manager owe certain duties to Unitholders, which require them to, among other things, act in good faith, in what they consider to be in the best interests of the Funds. Both the Trustee and the Manager, in exercising their discretion under the relevant Trust Deed, will act in accordance with such duties and shall ensure that they at all times act fairly between investors.

Under the AIFMD Rules the Manager must treat all Unitholders fairly. The Manager maintains a Conflicts of Interest Policy which requires it to treat its clients fairly. The Manager's Conflicts of Interest Policy establishes requirements for the Manager to have effective systems, controls and procedures to identify, prevent, manage, monitor and review conflicts of interest, including potential conflicts of interest that could arise between investors, in line with regulatory requirements.

As at the date of this Prospectus the Manager has not granted preferential treatment or the right to obtain preferential treatment to any investor or potential investor in any of the Funds. As such, all investors in each Fund will invest in the same manner and on the same terms.

3.5. Winding up of a Fund

The Trustee shall proceed to wind-up a Fund:

(A) if the order declaring the Fund to be an authorised unit trust (the Order) is revoked by the FCA;

(B) if the Manager or the Trustee requests the FCA to revoke the Order and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Fund, the FCA will accede to a request by the Manager or the Trustee that the order of authorisation be revoked; or

(C) on the effective date of a duly approved scheme of arrangement which is to result in the Fund being left with no property.

If any of the events set out above or any other event stated to trigger a winding up under COLL occurs, the Manager will cease to issue and redeem Units.

In the case of a scheme of arrangement referred to above, the Trustee shall wind-up the Fund in accordance with the approved scheme of arrangement.

In any other case, the Trustee will as soon as practicable after a Fund falls to be wound up realise the property of that Fund and, after paying out of the proceeds all liabilities properly so payable and retaining provision for the cost of the winding up, distribute the net proceeds to the Unitholders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Fund.

Any unclaimed net proceeds or other cash held by the Trustee after the expiration of twelve months from the date on which such proceeds became payable will be paid by the Trustee into court subject to the Trustee having the right to retain from the proceeds any expenses incurred by it in making the payment into court.

In the period between the commencement of the winding up of a Fund and its termination additional monies due to the Fund may occasionally be received. If in the opinion of the Manager and the Trustee the amount received is considered significant (greater than £5 per Unitholder) relative to the cost of paying the money to Unitholders who held Units at the commencement of the Fund's winding up, the money will be paid to Unitholders. If the sum received is deemed insignificant or is received after termination, the money will be donated to a UK registered charity selected by the Manager.

3.6. Additional Information

3.6.1. Exercise of voting rights

The Investment Advisers and the Manager have a strategy for determining how voting rights attached to ownership of scheme property are to be exercised for the benefit of each Fund. A summary of this strategy is available from the Manager on request. Details of action taken in respect of the exercise of voting rights are available from the Manager upon request.

3.6.2. Best Execution

The Manager's order execution policy sets out the basis upon which the Manager will effect transactions and place orders in relation to the Funds whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Manager on behalf of each Fund. Details of the order execution policy are available from the Manager on request.

3.6.3. Complaints

Complaints should be addressed to Head of Investor Services, Schroders, PO BOX 1402, Sunderland SR43 4AF. You can request a copy of the Manager's written internal complaints procedures by writing to the above address or contact Schroders Investor Services on 0800 182 2400. You may also have the right to refer the complaint directly to the Financial Ombudsman Service, Exchange Tower, 183 Marsh Wall, London, E14 9SR. Information about the Financial Ombudsman Service can be found at www.financial-ombudsman.org.uk. A statement of your rights to compensation in the event of Schroders being unable to meet its liabilities to you is available from the FCA and the Financial Services Compensation Scheme. Further details can be found at www.fscs.org.uk/

3.6.4. Money Laundering

The Manager is responsible for complying with UK anti-money laundering regulations. In order to implement the procedures that the Manager has in place to facilitate its compliance, in certain circumstances, Unitholders may be asked to provide some proof of identity when buying or selling Units. Until satisfactory evidence has been received the Manager reserves the right to refuse to pay the proceeds of a redemption of Units or to pay income on Units to a Unitholder.

3.6.5. Non-UK Unitholders

The distribution of this Prospectus and the offering or purchase of Units in any of the Funds may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an invitation to them to subscribe for Units unless, in the relevant jurisdiction, such an invitation could lawfully be made to them. Accordingly this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Units in any of the Funds to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Units in any of the Funds should inform themselves as to legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Units in the Funds which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933 (the Securities Act), the United States Investment Company Act of 1940 as amended (the Investment Company Act) or under the securities laws of any state of the US of America and may be offered, sold or otherwise transferred only in compliance with the Securities Act and such state or other securities laws. The Units in the Funds which are described in this Prospectus may not be offered or sold to or for the account of any US Person.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

3.6.6. Genuine Diversity of Ownership Condition

Interests in the Funds are widely available, and the Manager undertakes that they will be marketed and made available sufficiently widely and in a manner appropriate to reach the intended categories of Investor who meet the broad requirements for investment in any given unit class, and are not intended to be limited to particular investors or narrowly-defined groups of investor. Please refer to Appendix III for the details of the minimum levels of investment and/or investor categories that are specified as eligible to acquire particular unit classes.

Provided that a person meets the broad requirements for investment in any given unit class, he/she may obtain information on and acquire the relevant units in the Fund, subject to the paragraphs immediately following.

3.6.7. Who can invest?

As authorised unit trusts, the Funds are available for investment by the public. Investment in the Funds may not be suitable for all investors. Your investment should be considered in light of your own personal circumstances, including your specific investment needs and risk appetite. If you are in any doubt about any of the Funds' suitability to your investment needs, you should seek appropriate professional advice.

3.6.8. Compulsory Redemption and Conversion

The Manager may, if necessary, redeem Units to ensure that Units are neither acquired nor held by, or on behalf of, any person in breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Manager including a requirement to register under the laws and regulations of any country or authority. The Manager may in this context require a Unitholder to provide such information as they may consider necessary to establish whether the Unitholder is the beneficial owner of the Units which they hold.

If it shall come to the attention of the Manager at any time that Units are beneficially owned by a US Person, the Manager will have the right to compulsorily redeem such Units.

The Manager may also, at its discretion, convert holdings of one class of Units to another where it believes this to be in the best interests of investors. Such circumstances may include where the conversion will offer investors the benefits of economies of scale, or will otherwise result in lower fees. A mandatory conversion of Units shall only take place where the Manager has given appropriate prior notice to affected investors in accordance with COLL.

Unitholders subject to UK tax should note that conversions should not generally be treated as a disposal for the purposes of capital gains tax, other than for conversions between hedged and unhedged Unit Classes, or vice versa.

The Manager will not apply any fees where it carries out a compulsory conversion of Units.

3.6.9. Literature request

Investors can obtain free of charge on request, copies of:

this Prospectus and Key Investor Information Document for each unit class of each of the Funds;

the Trust Deed by which each Fund is constituted and governed, as amended or supplemented; and

the latest report and accounts of the Funds and the latest half yearly report.

These documents are available on request from the Manager of the Fund at the address listed in the "Administration" paragraph.

3.6.10. Data Protection

For the purposes of the General Data Protection Regulation 2016/679 (GDPR), or the statutory equivalent thereof which forms part of English Law by virtue of the EUWA (as applicable) the data controller in relation to any personal data you supply are the Funds and the Manager.

In order to comply with our obligations and responsibilities under the applicable data protection law, we are required by law to make available to you a privacy policy which details how we collect, use, disclose, transfer, and store your information. Please find a copy of our privacy policy at www.

schroders.com/en/privacy-policy. By signing the application form, you acknowledge that you have read and understood the contents of our privacy policy.

Professional Liability Risk.

The Manager complies with the requirements of the AIFMD Rules relating to cover of potential professional risks resulting from the activities it may carry out pursuant to the AIFMD Rules by holding sufficient professional indemnity insurance against liability arising from professional negligence, which is appropriate to the risks covered.

3.6.11. Acceptable Minor Non-Monetary Benefits

Schroders may pay to or accept from third parties minor non-monetary benefits as permitted by the FCA's Conduct of Business Sourcebook, provided that they are capable of enhancing services provided to clients and do not impair Schroders' duty to act honestly, fairly and in the best interests of clients. Such minor non-monetary benefits may include:

- information or documentation relating to financial instruments or investment services;
- written material from third parties;
- participation in conferences, seminars and other training events;
- reasonable de minimis hospitality; and
- research.

3.6.12. Benchmark Regulation

Unless otherwise disclosed in this Prospectus, the indices or benchmarks used within the meaning of the Regulation (EU) 2016/1011, or the statutory equivalent thereof which forms part of English law by virtue of the EUWA, (as applicable) (the "Benchmark Regulations") by the Funds are, as at the date of this Prospectus, provided by benchmark administrators who benefit from the transitional arrangements afforded under the applicable Benchmark Regulation and accordingly may not appear yet on the register of administrators and benchmarks maintained by the relevant supervisory authority. These benchmark administrators should apply for authorisation or registration as an administrator under the applicable Benchmark Regulation before 1 January 2020. Updated information on this register should be available no later than 1 January 2020. The Manager maintains written plans setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided. Copies of a description of these plans are available upon request and free of charge from the registered office of the Manager.

Appendix I

Investment Restrictions

The investment objective and policy of the Funds, as set out in Appendix III, are subject to the limits on investment for non-UCITS retail schemes under chapter 5 of COLL, relevant parts of which are set out below:

Investment Limits

Each Fund will only invest in:

(A) transferable securities;

(B) approved money market instruments (as defined for the purposes of COLL);

(C) derivatives and forward transactions as described under “Derivatives and Forward Transactions” below;

(D) deposits as described under “Deposits” below; and

(E) units or shares in collective investment schemes as described under “Collective Investment Schemes” below.

Each Fund will only hold transferable securities and money market instruments that are:

(A) admitted to or dealt in on an eligible market as described under “Eligible Markets for each Fund” set out in Appendix IV; or

(B) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue; or

(C) approved money market instruments not admitted to or dealt in on an eligible market described under “Approved Money Market Instruments” below.

However, not more than 20% of the Net Asset Value of each Fund may consist of transferable securities which are not "approved securities" as defined in the Regulations and COLL or not more than 20% of the Net Asset Value of each Fund may consist of money market instruments which do not fall within the instruments described under “Approved Money Market Instruments” below.

1. Transferable Securities

The property of each Fund may be invested in a transferable security only to the extent that the transferable security fulfils the following criteria:

(A) the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

(B) its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder;

(C) reliable valuation is available for it as follows:

(1) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

(2) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

(D) appropriate information is available for it as follows:

(1) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

(2) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the authorised fund manager on the transferable security or, where relevant, on the portfolio of the transferable security;

(E) it is negotiable; and

(F) its risks are adequately captured by the risk management process of the Manager.

Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder and to be negotiable.

A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by each Fund, provided it fulfils the criteria for transferable securities set out above, and either:

(A) where the closed end fund is constituted as an investment company or a unit trust, it is subject to corporate governance mechanisms applied to companies, and where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

(B) where the closed end fund is constituted under the law of contract, it is subject to corporate governance mechanisms equivalent to those applied to companies, and it is managed by a person who is subject to national regulation for the purpose of investor protection.

2. Collective Investment Schemes

The investment policy of each Fund permits investment of its assets mainly in units of other collective investment schemes. The property of each Fund may be invested in the units of collective investment schemes provided that:

(A) no more than 35% in value of the Fund may consist of the units of any single collective investment scheme;

(B) the collective investment scheme into which the Fund is investing:

(1) complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(2) is authorised as non-UCITS retail scheme; or

(3) is recognised scheme under the provisions of section 264 (Schemes constituted in other EEA states (or if applicable, in the UK provided that the statutory equivalent to Article 50(1)(e) of the UCITS Directive which forms part of English law by virtue of the EUWA, is met)) or section 270 (individually recognised overseas schemes) of the Act; or

(4) is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or

(5) is a scheme not falling within (a) to (d) above and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested;

(C) is a scheme that operates on the principle of the prudent spread of risk;

(D) is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes;

(E) the participants in the collective investment scheme into which the Fund is investing must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme;

(F) For these purposes, each sub-fund of an umbrella scheme is treated as if it were a separate scheme but no sub-fund of an umbrella scheme may invest in another sub-fund of that umbrella scheme.

Each Fund may invest in units or shares of collective investment schemes managed or operated by the Manager or an associate of the Manager (Associated Schemes).

Each Fund may not invest in or dispose of units in Associated Schemes unless certain charges in respect of the investment in, or the disposal of units in, the Associated Schemes are reimbursed within four business days and certain other conditions in COLL are satisfied.

Where the Fund invests a substantial portion of its assets in collective investment schemes, the maximum rate of management fees that may be charged to a Fund, including any management fees levied on any collective investment scheme in which the Fund invests will be 3% per annum (plus value added tax if any).

3. Exchange Traded Funds

Investment may be made by each Fund in exchange traded funds. The Manager will consider each investment in an exchange traded fund on an individual basis to determine how the investment should be categorised. Generally, an investment in open-ended exchange traded funds will be categorised as an investment in collective investment schemes and any investment in closed-ended exchange traded funds will be categorised as an investment in transferable securities.

4. Government and Public Securities

Where no more than 35% in value of each Fund's property is invested in government and public securities issued by any one body, the Fund is not limited on the amount which may be invested in such securities or in any one issue.

Each Fund may invest more than 35% in value of its property in Government and public securities issued by any one body, provided that such securities have been issued by the following bodies:

(A) the government of the United Kingdom; or

(B) the Scottish Administration; or

(C) the Executive Committee of the Northern Ireland Assembly; or

(D) the National Assembly for Wales; or

(E) the government of any of the following countries or territories outside the United Kingdom:-

(1) each EEA State other than the United Kingdom, including Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungry, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain and Sweden; or

(2) Australia, Canada, Japan, New Zealand, Switzerland and the United States of America.

Moreover, before investing more than 35% of the scheme property in such securities, the Manager will also consult with the Trustee and determine that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund.

If each Fund invests more than 35% in value of its property in Government and public securities issued by any one body, no more than 30% in value of the Fund's property may be invested in such securities of any one issue. Moreover, the Fund's property must include such securities issued by that or another issuer, of at least six different issues.

5. Approved Money Market Instruments

Each Fund may invest in (1) money market instruments that are admitted to or dealt in on an eligible market and (2) in approved money market instruments that are not admitted to or dealt in on an eligible market, provided the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is:

(A) issued or guaranteed by:

(1) a central, regional or local authority or central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or

(2) an establishment subject to prudential supervision in accordance with criteria defined by EU law or an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by EU law;

and

(B) issued by a body, any securities of which are dealt in on an eligible market.

Eligible markets for the Funds is explained and set out under the heading "Eligible Markets for each Fund" set out in Appendix IV.

6. Warrants, Nil and Partly Paid Securities

The property of each Fund may include nil and partly paid transferable securities and money market instruments only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the investment restrictions and rules described in this section of this Prospectus and the FCA Rules. Furthermore, certain types of warrant may only be acquired if the warrant is listed on an eligible securities market. Each Fund will not invest more than 5% in value of its property in warrants.

7. Underwriting and Placing

Underwriting and placing contracts in respect of transferable securities may be entered into if covered by cash and/or other property in accordance with COLL. Each Fund shall ensure that it shall be able to meet in full any obligations arising under such underwriting and placing contracts immediately as they fall due.

8. Cash and Near Cash

The property of each Fund may consist of cash and near cash where this may reasonably be regarded as necessary in order to enable the pursuit of each Fund's investment objective, redemption of Units, efficient management in accordance with the Fund's investment objective or other purposes which may reasonably be regarded as ancillary to the investment objective of that Fund. Where the Manager considers that a defensive investment strategy is appropriate, cash and near cash may comprise up to 30% of the value of the property of each Fund. This range may be exceeded in exceptional circumstances.

9. Deposits

No more than 20% in value of each Fund may consist of deposits with a single body as defined in rule 5.6.7R(2) of COLL.

Each Fund may invest in deposits only with an approved bank and which are repayable on demand or have the right to be withdrawn, and mature in no more than 12 months.

10. Derivatives and Forward Transactions

Derivatives can currently be used for efficient portfolio management purposes only and should not affect the risk profile of each Fund.

Derivatives and forward transactions may be effected on behalf of each Fund as follows:

(A) a transaction in derivatives or a forward transaction must not be effected for the Fund unless:

(1) the transaction is of a kind specified in paragraph (ii) and (iii) below; and

(2) the transaction is covered, as required under the heading "Derivative exposure" below.

Furthermore, the exposure of the Fund investing in derivatives to the underlying assets must not exceed the limits under the headings "Spread of Investments" and "Government and Public Securities" unless the derivative in question is an index based derivative and the relevant index falls within paragraph (iii) below.

Transactions in derivatives may be used for the purposes of hedging (for example in relation to price or currency fluctuations). The use of derivatives for the purposes of hedging may reduce the risk profile of the scheme by diminishing the risk of the fluctuation that is being hedged against (e.g. price or currency).

(B) any transaction by the Fund in a derivative must:

(1) be in a derivative which is traded or dealt in on an eligible derivatives market; or

(2) comply with the requirements relating to OTC transactions in derivatives set out below.

(C) Furthermore, any transaction in a derivative by the Fund:

(1) must have the underlying assets consisting of one or more of the following to which the Fund is dedicated:

transferable securities;

money market instruments;

deposits permitted under the heading "Deposits" below;

derivatives permitted under this paragraph;

collective investment scheme units permitted under the heading "Collective

investment Schemes" above;

financial indices;

interest rates;

foreign exchange rates; and

currencies;

(2) (unless it falls within the heading "OTC Transactions" below) must be effected on or under the rules of an eligible derivatives market;

(3) must not cause the Fund to diverge from the investment objectives as stated in the Trust Deed or this Prospectus; and

(4) must not be entered into by the Fund if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives.

Any forward transaction by the Fund may only be with an approved counterparty.

A derivative or forward transaction which is otherwise permitted under this Prospectus which will or could lead to the delivery of property for the account of the Fund may be entered into only if that property can be held for the account of the Fund and the Manager, having taken reasonable care, determines that delivery of the property will not occur or will not lead to a breach of COLL.

The Fund may not dispose of property or rights unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and the property and rights are owned by the Fund at the time of the agreement. However this restriction does not apply to a deposit.

OTC Transactions

Any transaction in an OTC derivative (being a future, option or contract for differences) under (ii)(b) above must be:

(A) with a counterparty which is an eligible institution or an approved bank or who is authorised by the FCA or its home state regulator to enter into transactions as principal off exchange.

(B) on approved terms, in that, before the transaction is entered into, the Trustee must be satisfied that the Manager:

   (1) carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and

   (2) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at a fair value; and

(C) capable of reliable valuation in that, a transaction in derivatives is capable reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy (a) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable or (b) if the value referred to in (a) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and

(D) subject to verifiable valuation a transaction in derivatives is subject to verifiable valuation only if throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by (a) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or (b) a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

Efficient Portfolio Management

The aim of any derivative or forward used for efficient portfolio management is not to materially alter the risk profile of a Fund, rather their use is to assist the Manager in meeting the investment objectives of each Fund as set out in Appendix III. Efficient portfolio management involves techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

(A) they are economically appropriate in that they are realised in a cost effective way;

(B) they are entered into for one or more of the following specific aims:

   (1) reduction of risk;

   (2) reduction of cost;

   (3) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA Rules.

The aim of reducing risks or costs will allow the Manager to enter into exposures on permissible assets or currencies using derivatives or forwards as an alternative to selling or purchasing underlying assets or currencies. These exposures may continue for as long as the Manager considers that the use of derivatives continues to meet the original aim.

The aim of generating additional capital or income allows the Manager to write options on existing assets where it considers the transaction will result in the Fund deriving a benefit, even if the benefit obtained results in surrendering the chance of greater benefit in the future.

The aim of generating additional capital allows the Manager to take advantage of any pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights relating to assets the same as, or equivalent to which the Fund holds or may hold.

11. Risk Management

The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of each Fund’s position and their contribution to the overall risk profile of the Fund.

Reporting

The following details of the risk management process must be regularly notified by the Manager to the FCA and at least on an annual basis:

- a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and
- the methods for estimating risks involved in derivative and forward transactions. Derivative Exposure.

The Manager must ensure that the global exposure relating to derivatives and forward transactions held in a Fund does not exceed its Net Asset Value. The Manager must calculate the Fund’s global exposure on at least a daily basis. For these purposes, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the derivative positions.

Each Fund will use the commitment approach to calculate its global exposure relating to the use of financial derivative instruments. This is calculated by taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate a Fund’s holding. The total exposure relating to derivatives held by a Fund (the market value of that Fund’s exposure to derivatives, after netting and hedging) may not exceed the net value of that Fund.

12. Spread limits

Other than in relation to holdings in government and public securities or collective investment schemes:

(A) no more than 20% in value of each Fund may consist of deposits with a single body as defined in Rule 5.6.7R(2) of COLL.

(B) no more than 10% in value of each Fund property may consist of transferable securities or money market instruments issued by any single body subject to Rule 5.6.23R of COLL.

(C) the exposure of each Fund to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Fund.

Each Fund will not invest directly in immovable property or directly in gold.

13. Borrowing

Cash obtained from borrowing, and borrowing which the Manager reasonably regards an eligible institution or an approved bank to be committed to provide, is available for cover pursuant to "Derivative exposure" above, but only where the Trustee for the account of each Fund on the instructions of the Manager borrows an amount of currency from an eligible institution or an approved bank; and keeps an amount in another currency, at least equal to the borrowing on deposit with that lender (or his agent or nominee); then the heading "Derivative exposure" above and the preceding paragraph apply as if the borrowed currency, and not the deposited currency, were part of the property of the Fund.

Borrowing Powers

The Trustee may, on the instructions of the Manager and subject to COLL, borrow money from an eligible institution or approved bank for the use of each Fund on terms that the borrowing is to be repayable out of the assets of the Fund. The Manager must ensure that borrowing does not, on any week day on which the London Stock Exchange is open for business (a "Business Day"), exceed 10% of the value of a Fund. These borrowing restrictions do not apply to "back-to-back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

At the date hereof, each Fund does not intend to exercise its borrowing powers, other than where required to effect the settlement of underlying securities.

14. Leverage

Each Fund's investment objective and investment policy permits the limited use of leverage (in the form of derivatives for efficient portfolio management purposes only).

As at the date of this Prospectus each Fund is not currently utilising any form of leverage, whether by borrowing cash or securities, leverage embedded in derivative positions or any other means.

Definition

Leverage is a way for a Fund to increase its exposure through the use of financial derivative instruments. Leverage is expressed as a ratio ('leverage ratio') between the exposure of a Fund and its Net Asset Value. The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of a Fund, the gross method and the commitment method as summarized in the below table.

The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the fund supplement each other and provide a distinct representation of leverage.

Gross leverage is a conservative way of representing leverage as it does not:

– make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the relevant Fund.

– allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk.

As a result, a unit trust that exhibits a high level of gross leverage is not necessarily riskier than a unit trust that exhibits a low level of gross leverage. Commitment leverage is a more accurate representation of the true leverage of the relevant unit trust as it allows for hedging and netting arrangements under certain conditions.

By convention, the leverage ratio is expressed as a fraction. A leverage ratio of 1 or below means the unit trust is unleveraged whereas a leverage ratio above 1 indicates the unit trust is leveraged.

Circumstances in which each Fund may use leverage and types and sources of leverage permitted

As disclosed above, financial derivative instruments may be employed to generate additional exposure - leverage. As at the date of this Prospectus each Fund does not use financial derivative instruments.

Maximum level of leverage

Leverage ratio	Maximum leverage ratio for each Fund
'Gross leverage ratio'	1.2
'Commitment leverage ratio'	1.2

Leverage ratio	Exposure calculation methodology
'Gross leverage ratio'	The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

Leverage ratio	Exposure calculation methodology
'Commitment leverage ratio'	The exposure calculated with the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

Appendix II

Risks of Investment

1. General Risks

Past performance is not a guide to future performance and Units should be regarded as a medium to long-term investment. The value of investments and the income generated by them may go down as well as up and Unitholders may not get back the amount originally invested. Where the currency of a Fund varies from the Unitholder's home currency, or where the currency of a Fund varies from the currencies of the markets in which the Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to Unitholders greater than the usual risks of investment.

2. Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Fund.

3. Risk of Suspension of Unit dealings

Investors are reminded that in certain circumstances their right to redeem or transfer Units may be suspended (see paragraph headed, "Suspension").

4. Interest Rate Risk

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

5. Credit Risk

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Fund's Investment Adviser may consider the highest rating for the purposes of determining whether the security is investment grade. A Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Fund's Investment Adviser will consider whether the security continues to be an appropriate investment for the Fund. The Fund's Investment Adviser considers whether a security is investment grade only at the time of purchase. Some of the Funds will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Adviser.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Some of the Funds invest in below investment grade securities. Although investment grade securities generally have lower credit risk than securities rated below investment grade, they may share some of the risks of lower-rated securities, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

6. Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investment in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

7. Inflation / Deflation Risk

Inflation is the risk that a Fund's assets or income from a Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio.

8. Borrowings and Leverage

A Fund may use borrowings and other forms of leverage for the purposes of making investments. The use of borrowings and leverage creates special risks and may significantly increase a Fund's investment risk. Borrowings and other forms of leverage create opportunities for greater yield and total return but, at the same time, will increase a Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings or leverage that are in excess of the interest costs associated therewith may cause the Net Asset Value of the Units to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value of the Units may decrease more rapidly than would otherwise be the case.

9. Financial Derivative Instrument Risk

Funds in which a Fund invests may use derivatives to meet their investment objective. For these funds there is no guarantee that the performance of the derivatives will result in a positive effect for those funds and their Unitholders. The use of derivatives may increase the unit price volatility, which may result in higher losses for the unitholder.

10. Warrants Risk

When a Fund invests in warrants, the price, performance and liquidity of such warrants are typically linked to the underlying stock. However, the price, performance and liquidity of such warrants will generally fluctuate more than the underlying securities because of the greater volatility of the warrants market. In addition to the market risk related to the volatility of warrants, a Fund investing in synthetic warrants, where the issuer of the synthetic warrant is different to that of the underlying stock, is subject to the risk that the issuer of the synthetic warrant will not perform its obligations under the transactions which may result in the Fund, and ultimately its Unitholders, suffering a loss.

11. Credit Default Swap Risk

Funds in which a Fund invests may use credit default swaps. The use of credit default swaps normally carries a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows a fund to effectively buy insurance on a reference obligation it holds (hedging the investment) or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the fund does not hold the underlying reference obligation, there may be a market risk as the fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. A fund may mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

12. Transactions Risk

A Fund may invest in funds the use options, futures and forward contracts. In particular, a fund may use options, futures and forward contracts on currencies, securities, indices, currency, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the fund is fixed, the Fund may sustain a loss well in excess of that amount. Funds may also be exposed to the risk of the purchaser exercising the option and the fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions, in particular those traded over-the-counter, have counterparty risk. If a counterparty defaults, the fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

13. Credit Linked Note Risk

A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

14. Equity Linked Note Risk

A Fund may invest in funds that invest in equity-linked notes. The return component of an equity linked note is based on the performance of a single equity security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

Funds may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

15. Particular Risks of Over-the-counter (OTC) Derivative Transactions

A Fund may invest in funds that carry out OTC derivative transactions. Securities traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than securities principally traded on securities exchanges. Such securities may be less liquid than more widely traded securities. In addition, the prices of such securities may include an undisclosed dealer mark-up which a fund may pay as part of the purchase price.

16. Counterparty Risk

Funds may conducts transactions through or with brokers, clearing houses, market counterparties and other agents. A fund will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A Fund may invest in funds that invest into instruments such as notes or warrants the performance of which is linked to a market or investment to which the Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

Funds may only enter into OTC derivatives transactions with reputable institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivatives transactions should not exceed 10% of the relevant Fund's net assets when the counterparty is an approved bank or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limits. If a counterparty were to default on its obligations this may have an adverse impact on the performance of the relevant Fund causing loss to Unitholders.

17. Risks Associated with Dodd-Frank Wall Street Reform

Recent legislative and regulatory reforms, including Dodd-Frank Wall Street Reform, are expected to result in new regulation of swap agreements, including clearing, margin, reporting, recordkeeping and registration requirements. New regulations, could, amongst other things, restrict a fund's ability to engage in swap transactions (for example, by making certain types of swap transactions no longer available to a fund) and/or increase the costs of such swap transactions (for example, by increasing margin or capital requirements) and a fund may as a result be unable to execute its investment strategies in a manner the Manager might otherwise choose. It is also unclear how the regulatory changes will affect counterparty risk.

18. Custody Risk

Assets of each Fund are safe kept by the Custodian and Unitholders are exposed to the risk of the Custodian not being able to fully meet its obligation to restitute in a short time frame all of the assets of the Funds in the case of bankruptcy of the Custodian. Securities of a Fund will normally be identified in the Custodian's books as belonging to that Fund and segregated from other assets of the Custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The Custodian may not keep all the assets of each Fund itself but may use a network of sub-custodians which are not part of the same group of companies as the Custodian. Unitholders are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Custodian.

A Fund may invest in funds which invest in markets where custodial and/or settlement systems are not fully developed. The Custodian may have no liability where the assets of the funds that are traded in such markets.

19. Smaller Companies Risk

A fund which invests in smaller companies may fluctuate in value more than other funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

20. Technology Related Companies Risk

Investments in the technology sector may present a greater risk and a higher volatility than investments in a broader range of securities covering different economic sectors. The equity securities of the companies in which a fund may invest are likely to be affected by world-wide scientific or technological developments, and their products or services may rapidly fall into obsolescence. In addition, some of these companies offer products or services that are subject to governmental regulation and may, therefore, be adversely affected by governmental policies. As a result, the investments made by a fund may drop sharply in value in response to market, research or regulatory setbacks.

21. Lower Rated, Higher Yielding Debt Securities Risk

A Fund may invest in funds that invest in funds that invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in a fund that invests in these securities is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

22. Property and Real Estate Companies Securities Risk

A Fund may invest in funds that invest in real estate. The risks associated with investments in securities of companies principally engaged in the real estate industry include: the cyclical nature of real estate values; risks related to general and local economic conditions; overbuilding and increased competition; increases in property taxes and operating expenses; demographic trends and variations in rental income; changes in zoning laws; casualty or condemnation losses; environmental risks; regulatory limitations on rents; changes in neighbourhood values; related party risks; changes in the appeal of properties to tenants; increases in interest rates; and other influences of capital markets on real estate. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of a fund's investments.

The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Fund either in a positive or a negative manner.

23. Mortgage Related and Other Asset Backed Securities Risks

A Fund may invest in funds that invest in mortgage related and other asset backed securities. Mortgage-backed securities, including collateralised mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases of various types of real and personal property and receivables from credit card agreements.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. A fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of subprime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that a fund may loose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for a fund to buy or sell.

A fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price in a future date. A fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

24. Initial Public Offerings Risk

A Fund may invest in funds that invest in initial public offerings, which frequently are smaller companies. Such securities have no trading history, and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

25. Risk associated with Debt Securities issued pursuant to Rule 144A under the Securities Act of 1933

SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for Unitholders may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extremes conditions, decrease the liquidity of a particular rule 144A security.

26. Emerging and Less Developed Markets Securities Risk

A Fund may invest in funds that invest in emerging and less developed markets. Investing in emerging markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which a fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the fund and compensation schemes may be non-existent or limited or inadequate to meet the fund's claims in any of these events.

In addition investments in certain emerging and less developed countries, such as Russia and Ukraine, are currently subject to certain heightened risks with regard to the ownership and custody of securities. In these countries, shareholdings are evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the custodian). No certificates representing shareholdings in companies will be held by the custodian or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, a fund could lose its registration and ownership of the securities through fraud, negligence or even mere error. Debt securities also have an increased custodial risk associated with them as such securities may, in accordance with market practice in the emerging or less developed countries, be held in custody with institutions in those countries which may not have adequate insurance coverage to cover loss due to theft, destruction or default. It should be taken into consideration that when investing in government debt of emerging or less developed countries, particularly Ukraine, whether via the primary or secondary market, local regulations may stipulate that investors maintain a cash account directly with the sub-custodian. Such balance represents a debt due from the sub-custodian to the investors and the custodian shall not be liable for this balance.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

27. Specific risks linked to stock lending and repurchase transactions

A Fund may invest in funds that engage in stock lending and repurchase transactions which involve certain risks. There is no assurance that a fund will achieve the objective for which it entered into a transaction.

Repurchase transactions might expose a fund to risks similar to those associated with optional or forward derivative financial instruments, the risks of which are described in other parts of this Prospectus. Stock loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the fund's ability to complete the sale of securities or to meet redemption requests.

A fund's exposure to its counterparty will be mitigated by the fact that the counterparty may forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the fund or to purchase replacements for the securities that were lent to the counterparty. In the latter case, the fund's tri-party lending agent may indemnify a fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable.

In the event that a fund reinvests cash collateral in one or more of the permitted types of investment that are described above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. There is also a risk that the investment will become illiquid, which would restrict the Fund's ability to recover its securities on loan, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

28. Private equity

A Fund may invest in funds that gain exposure to private equity through investment in transferable securities and/or regulated collective investment schemes which themselves invest in this asset class. Investments in private equity involve a high degree of risk and can be illiquid and highly speculative.

29. Hedge Funds

A Fund may gain exposure to hedge funds through investment in transferable securities and/or regulated collective investment schemes which themselves invest in these asset classes. Underlying hedge funds will utilise both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy. These risks associated with these instruments are described above. The underlying hedge funds may also sell covered and uncovered options on securities. To the extent that such options are uncovered, such underlying hedge funds could incur an unlimited loss.

Underlying hedge funds may only be available for subscription or redemption on a periodic basis (e.g. quarterly). Furthermore some such schemes may be closed for subscription/and or redemptions, may be subject to certain restrictions or limitations, and there is unlikely to be an active secondary market in the shares or units of such underlying hedge funds. Accordingly it may be difficult or impossible for an underlying hedge fund to acquire, realise or value its investment as and when it deems appropriate. The inability to accurately value and/or realise such investments may restrict the ability of an underlying hedge fund to redeem shares or units.

30. Potential Conflicts of Interest

The Investment Adviser and the Manager may effect transactions in which the Investment Adviser or the Manager have, directly or indirectly, an interest which may involve a potential conflict with the Investment Adviser's duty to a Fund. Neither the Investment Adviser nor the Manager shall be liable to account to a Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Adviser's fees, unless otherwise provided, be abated.

Where a conflict cannot be avoided, The Investment Adviser and the Manager will have regard to their respective obligations to act in the best interests of the Fund so far as practicable, having regard to their obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. The Investment Adviser will ensure that Unitholders in affected Funds are treated fairly and that such transactions are effected on terms which are not less favourable to a Fund than if the potential conflict had not existed.

The Investment Adviser and the Manager acknowledge that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Fund or its Unitholders will be prevented. Should any such situations arise the Manager will disclose these to Unitholders in an appropriate format.

Such potential conflicting interests or duties may arise because the Investment Adviser or the Manager may have invested directly or indirectly in a Fund.

The Manager, the Investment Adviser, the Trustee, the Custodian and/or their respective affiliates or any person connected with them may from time to time act as investment adviser, trustee, depositary, custodian, transfer agent, fund accountant, external valuer, registrar or service provider in relation to, or be otherwise involved in, other investment funds established by them or other parties, which have similar or different objectives to those of any of the Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Funds, and will endeavour to ensure that such conflicts are resolved fairly.

31. Specific Risk relating to Collateral Management

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements and buy-sell back transactions is generally mitigated by the transfer or pledge of collateral in favour of a Fund. However, transactions may not be fully collateralised. Fees and returns due to the Fund may not be collateralised. If a counterparty defaults, the Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Fund to meet redemption requests.

A Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Fund to the counterparty as required by the terms of the transaction. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

32. The Benchmark Regulation

The London Interbank Offered Rate and other indices which are deemed “benchmarks” have been the subject of international and other regulatory guidance as well as proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Investments linked to a benchmark.

A key element of the reform of benchmarks within the EU is Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the Benchmark Regulation).

The scope of the Benchmark Regulation is wide and, in addition to so-called “critical benchmark” indices such as the London Interbank Offered Rate, could also potentially apply to many other interest rate indices, as well as other indices (including “proprietary” indices or strategies) which are referenced in financial instruments (including investments) and/or other financial contracts entered into by the Funds, the Manager or its delegates.

The Benchmark Regulation could have a material impact on any investment linked to a “benchmark” index, including in any of the following circumstances:

(i) an index which is a “benchmark” could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation (including potentially due to a ‘no-deal’ exit of the UK from the EU). In such event, depending on the particular “benchmark” and the applicable terms of the investments, the investment could be de-listed, adjusted, redeemed or otherwise impacted; and

(ii) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the investments, including calculation agent determination of the rate or level in its discretion.

33. IBOR Reform

The term “IBOR” refers generally to any reference rate or benchmark rate that is an “interbank offered rate” intended to reflect, measure or estimate the average cost to certain banks of borrowing or obtaining unsecured short-term funds in the interbank market in the relevant currency and maturity. IBORs have been used extensively as reference rates across the financial markets for many years. A Fund may invest in securities or derivatives whose value or payments are derived from an IBOR. Bond Funds and multi-asset Funds that invest in floating rate debt securities, interest rate swaps, total return swaps and other derivatives are most likely to be adversely impacted by IBOR reform. However, other Funds such as those that invest in contracts for difference or real estate investment trusts may also be adversely impacted.

Pursuant to recommendations of the Financial Stability Board (FSB), financial institutions and other market participants have been working to promote the development of alternative reference rates (ARRs). ARRs are in response to concerns over the reliability and robustness of IBORs. In July 2017, the UK Financial Conduct Authority (FCA) announced that the FCA would no longer use its influence or powers to persuade or compel contributing banks to make IBOR submissions after the end of 2021. Following this statement, other regulators across the globe have made announcements encouraging financial institutions and other market participants to transition from the use of IBORs to the use of new ARRs by the end of 2021. This has raised concerns about the sustainability of IBORs beyond 2021.

Regulatory and industry initiatives concerning IBORs may result in changes or modifications affecting investments referencing IBORs, including a need to determine or agree a substitute ARR, and/or a need to determine or agree a spread to be added to or subtracted from, or to make other adjustments to, such ARR to approximate an IBOR equivalent rate (as further described below), not all of which can be foreseen at the time a Fund enters into or acquires an IBOR-referencing investment.

If the composition or characteristics of an ARR differ in any material respect from those of an IBOR it may be necessary to convert the ARR into another IBOR-equivalent ARR before it is considered a suitable substitute for the relevant IBOR. Converting an ARR into one or more IBOR-equivalent rates may be possible by adding, subtracting or otherwise incorporating one or more interest rate or credit spreads, or by making other appropriate adjustments. Whether such adjustments are accurate or appropriate may depend on a variety of factors, including the impact of market conditions, liquidity, transaction volumes, the number and financial condition of contributing or reference banks and other considerations at the time of and leading up to such conversion. Even with spreads or other adjustments, IBOR-equivalent ARRs may be only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBORs used in a Fund's IBOR-referencing investments. This could have a material adverse effect on a Fund.

The conversion from an IBOR to an ARR may also require the parties to agree that a payment is made from one party to the other to account for the change in the characteristics of the underlying reference rate. This payment may be required to be made by a Fund.

Until the applicable industry working group and/or market participants have agreed a standard methodology for the conversion from an IBOR to an IBOR-equivalent ARR it is difficult to determine whether and how such conversions will be made. For example, conversions and adjustments could be made by developers of ARRs or by compiling bodies, sponsors or administrators of ARRs, or by a method established by them. Conversions may instead be agreed bilaterally between a Fund and its counterparty or by the applicable calculation agent under such investments. This could lead to different results for similar IBOR-referencing investments which could have a material adverse effect on the performance of a Fund.

Appendix III

Funds Details

General

Where a Fund's investment policy refers to investments in corporations of a particular country or region, such reference means (in the absence of any further specification) investments in companies listed, incorporated, headquartered or having their principal business activities in such country or region.

Where a Fund's investment policy refers to investments in non-government bonds, such reference includes (in the absence of any further specification) those issued by quasi-governmental, supra-national agencies and sub-sovereign issuers as well as bonds issued by corporate entities.

Where a Fund’s investment policy refers to investments issued in a particular currency, such reference includes (in the absence of any further specification) investments issued in another currency but hedged back to the specified currency.

Where a Fund states that it will invest a percentage of its assets in a certain way (i) the percentage is indicative only as, for example, the Manager may adjust the Fund's exposure to certain asset classes in response to adverse market and/or economic conditions and/or expected volatility, when in the Manager’s view to do so would be in the best interests of the Fund and its unitholders; and (ii) such assets exclude cash or other liquidities which are not used as backup for derivatives unless otherwise stated. When a Fund states that it invests up to a maximum percentage of its assets (e.g. 80%) in a certain way, such assets include cash or other liquidities which are not used as backup for derivatives.

Where a Fund’s investment policy includes a benchmark, this has been chosen for the following reasons:

(A) for a comparator benchmark, many funds sold in the UK are grouped into sectors by the Investment Association (the “IA”, the trade body that represents UK investment managers) to help investors to compare funds with broadly similar characteristics. If the Fund is classified in any particular IA sector, this IA sector is shown as a comparator benchmark in the Fund Characteristics. The Fund may also show a comparator benchmark where the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes.

(B) for a target benchmark that is a financial index, the benchmark has been selected because it is representative of the type of companies or other types of interest in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide and as a comparator for the Fund’s overall performance.

(C) for a target benchmark that is not a financial index, the benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective.

(D) for a constraining benchmark, the benchmark has been selected because the Investment Manager is constrained by reference to the value, price or components of that benchmark as stated in the investment objective.

Schroder MM Diversity Fund

Investment Objective

The Fund aims to provide capital growth in excess of the UK Consumer Price Index (after fees have been deducted) over a five to seven year period by investing in a diversified range of assets worldwide. There is no guarantee that this objective will be met and your capital is at risk.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts and closed ended funds in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, real estate, private equity and commodities.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

In normal market conditions, the Fund invests (directly or indirectly) one third of its assets in equity and equity related securities, one third in fixed and floating rate securities, money market instruments and cash, and one third in alternative assets.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation Q Accumulation S Income and S Accumulation T Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Date	31 October
Profile of a Typical Investor	The Fund aims to provide long-term capital growth. It may be suitable for investors who are seeking long-term growth potential offered through investment in equities and bonds as well as other asset classes. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund's performance should be assessed against its target benchmark, being to exceed the UK Consumer Price Index, and compared against the Investment Association Mixed Investment 20% to 60% Shares sector average return.
Benchmark Selection	The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
Q	£25,000	£500	£5,000	0.30% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
T	£25,000	£500	£5,000	0.40% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. “Manager’s Charges” above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Schroder MM UK Growth Fund

Investment Objective

The Fund aims to provide capital growth in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a five to seven year period by investing in equity and equity related securities of UK companies.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investments trusts and closed end funds, in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund may also invest directly in equity and equity related securities (including non-UK securities). The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation S Income and S Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Date	31 October
Profile of a Typical Investor	The Fund aims to provide long-term capital growth. It may be suitable for investors who are seeking the potential for long-term growth offered through investment in a diversified portfolio of UK equities. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share Total Return index, and compared against the Investment Association UK All Companies sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.
Benchmark Selection	The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Manager and the Investment Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. "Manager's Charges" above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Schroder MM International Fund

Investment Objective

The Fund aims to provide capital growth in excess of the FTSE All World ex UK (Gross Total Return) index (after fees have been deducted) over a five to seven year period by investing in equity and equity related securities of companies worldwide.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts or closed ended funds in equity and equity related securities of companies worldwide. These are companies that are incorporated, headquartered or have their principal business activities outside the UK.

The Fund may also invest directly in equity and equity related securities. The Fund may also invest directly and indirectly in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation S Income and S Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Date	31 October
Profile of a Typical Investor	The Fund aims to provide long-term capital growth. It may be suitable for investors who are seeking the potential for long-term growth offered through investment in a diversified portfolio of global equities. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All World ex UK (Gross Total Return) index, and compared against the Investment Association Global sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.
Benchmark Selection	The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Manager and the Investment Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. “Manager’s Charges” above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Schroder MM Diversity Tactical Fund

Investment Objective

The Fund aims to provide capital growth by investing in a diversified range of assets and markets worldwide.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange trade funds, real estate investment trusts or closed end funds, in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, real estate, private equity and commodities.

The Fund seeks to increase returns and reduce downside risk by making tactical adjustments to the Fund's holdings based on market conditions.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may also invest directly or indirectly in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. "Derivatives and Forward Transactions" of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation Q Accumulation S Income and S Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Date	31 October
Profile of a Typical Investor	The Fund aims to provide long-term capital growth. It may be suitable for investors who are seeking the potential for consistent returns over the medium-term whilst reducing the risk of loss where equity markets are performing poorly. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund does not have a target benchmark. The Fund's performance should be compared against the Investment Association Flexible Investment sector average return.
Benchmark Selection	The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
Q	£25,000	£500	£5,000	0.40% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. “Manager’s Charges” above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Schroder MM Diversity Income Fund

Investment Objective

The Fund aims to provide capital growth in excess of the UK Consumer Price Index (after fees have been deducted) and income of 4% per annum over a five to seven year period by investing in a diversified range of assets and markets worldwide. This cannot be guaranteed and your capital is at risk.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts or closed ended funds, in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, private equity, real estate and commodities.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may directly or indirectly invest in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund will invest within the following ranges:

- Cash (including money market instruments) and Fixed Income 30% – 60%
- Equities 30% – 60%
- Alternative investments 5% – 40%

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. “Derivatives and Forward Transactions” of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation S Income and S Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Dates	31 July, 31 October, 31 January,
Profile of a Typical Investor	The Fund aims to provide capital growth and consistent levels of income over the medium term. It may be suitable for investors who are seeking the reasonable levels of income and some capital growth over the longer term from a diversified portfolio of investments. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund’s performance should be assessed against the capital growth target benchmark of the UK Consumer Price Index and the income target of 4% per year, and compared against the Investment Association Mixed Investment 20% to 60% Shares sector average return.
Benchmark Selection	The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund’s investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Specific Fund Risk Factors	These specific risk factors should be read in conjunction with the general risks of investment detailed in Appendix II.

All Charges Being Charged Wholly to Capital	As a result of all charges being charged wholly to capital, the distributable income may be higher, but the capital value may be eroded which may affect future performance. The consequential increase in income may result in an increase in Unitholder's personal income tax liability.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. “Manager’s Charges” above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Schroder MM Diversity Balanced Fund

Investment Objective

The Fund aims to provide capital growth and income by investing in a diversified range of assets and markets worldwide. The Fund seeks to offer a balanced exposure to equities, fixed and floating rate securities and alternative assets.

Investment Policy

The Fund is actively managed and invests its assets indirectly through collective investment schemes, exchange traded funds, real estate investment trusts or closed ended funds, in equity and equity related securities, fixed and floating rate securities and alternative assets worldwide. Alternative assets may include hedge funds, real estate, private equity and commodities.

The Fund may also invest directly in equity and equity related securities and fixed and floating rate securities. The Fund may invest directly or indirectly in money market instruments, and may hold cash.

The Fund may invest up to 100% of its assets in collective investment schemes (including other Schroder funds).

The Fund will invest within the following ranges:

– Cash (including money market instruments) and Fixed Income 1% – 50%

– Equities 50% – 85%

– Alternative investments 1% – 50%

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to Section 10. “Derivatives and Forward Transactions” of Appendix 1 of the Prospectus).

Fund Characteristics

Classes of Units	A Income and A Accumulation S Income and S Accumulation Z Income and Z Accumulation
Valuation Point	12:00 p.m.
Dealing Frequency	Daily
Settlement Period of Subscription and Redemption Proceeds	Within 4 Business Days from the relevant Dealing Day
Investment Adviser	Schroder Investment Management Limited
Annual Accounting Date	28 February
Half-Yearly Accounting Date	31 August
Annual Income Allocation Date	30 April
Interim Income Allocation Date	31 October
Profile of a Typical Investor	The Fund aims to provide long-term capital growth whilst providing consistent levels of income over the medium term. It may be suitable for investors who are seeking the reasonable levels of income and some capital growth offered through investment in a diversified portfolio of investments. Investors should regard their investment as medium to long-term and should read the risk warnings set out in Appendix II and the Fund's Key Investor Information Document before investing.
Benchmark	The Fund does not have a target benchmark. The Fund’s performance should be compared against the Investment Association Mixed Investment 40% to 85% Shares sector average return.
Benchmark Selection	The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund’s investment objective and policy.
Investment in collective investment schemes managed by the Manager	The Fund may invest in the units and shares of funds managed by or operated by the Manager or an associate of the Manager. Where the Fund invests in funds managed by or operated by the Manager or an associate, the Annual Management Charge and Administration Charge (if any) paid by these funds to the Manager will be rebated to the Fund.
Maximum Permitted Level of Leverage – gross leverage ratio	1.2
Maximum Permitted Level of Leverage – commitment leverage ratio	1.2

Unit Class Features

Classes of Units	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Annual Management Charge	Initial Charge
A	£1,000	£500	£1,000	1% per annum	0.00%
S	None	None	None	Up to 1% per annum	0.00%
Z	£25,000	£500	£5,000	0.50% per annum	0.00%

See Section 3.1.3. “Manager’s Charges” above for further detail on the charges and the potential discount to the Annual Management Charge for retail Unit Classes.

Appendix IV

Eligible Markets List

In order to qualify as an approved security, the market upon which securities are admitted to or dealt must, with certain exceptions permitted under COLL regulations, meet certain criteria as laid down in COLL.

Eligible Markets include any market established in a member state of the European Union or the European Economic Area (an EEA State) on which transferable securities admitted to official listing in the member state are dealt in or traded. It also includes Multilateral Trading Facilities (MTFs) operating in the EU which operates regularly and are open to the public. In the case of all other markets, in order to qualify as an eligible market, the Manager, after consultation with the Trustee, must be satisfied that the relevant market; (A) is regulated; (B) operates regularly; (C) is recognised; (D) is open to the public; (E) is adequately liquid and (F) has adequate arrangements for unimpeded transmission of income and capital to investors.

The Manager, after consultation with the Trustee, has decided that the following securities exchanges are eligible markets in the context of the investment policy of the Funds.

Regional	
Europe	Those markets established in a member state on which transferable securities admitted to official listing in a member state are dealt in or traded. The market organised by the International Capital Markets Association (ICMA)
Country	
Australia	Australian Securities Exchange
Brazil	BM&FBOVESPA and Bolsa De Valores De Rio de Janerio
Canada	Toronto Stock Exchange and TSX Venture Exchange
China	Shanghai Stock Connect
Hong Kong	Hong Kong Stock Exchange and GEM (Growth Enterprise Market) Hong Kong Stock Connect Hong Kong Bond Connect
India	Bombay (Mumbai) Stock Exchange and National Stock Exchange
Indonesia	Indonesian Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	The stock exchanges in Fukuoka, Nagoya, Sapporo, Osaka and Tokyo, JASDAQ (and Mothers Market sections of Tokyo Stock Exchange)
Korea	Korea Exchange and KOSDAQ
Malaysia	Bursa Malaysia
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange
Peru	Lima Stock Exchange
Philippines	Philippines Stock Exchange
Saudi Arabia	Tadawul Exchange
Singapore	Singapore Exchange
Sri Lanka	Colombo Stock Exchange
South Africa	Johannesburg Stock Exchange
Switzerland	SIX Swiss Exchange including the former exchange SWX Europe
Taiwan	Taipei Exchange and Taiwan GreTai Securities Market
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
UK	Those markets established in the UK on which transferable securities admitted to official listing in the UK are dealt in or traded, including LSE and AIM

USA	The NASDAQ Global Select Market, The NASDAQ Global Market and The NASDAQ Capital Market – collectively the NASDAQ Stock Market (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc) Any exchange registered with the Securities and Exchange Commission as a national stock exchange including Chicago Stock Exchange, NASDAQ OMX BX, NASDAQ OMX PHLX, National Stock Exchange, NYSE Euronext, NYSE Amex and NYSE Arca The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers The Over-the-Counter Market regulated by the National Association of Securities Dealers Inc FINRA Trade Reporting and Compliance Engine (TRACE)
Derivatives	
Australia	ASX Trade24
Belgium	NYSE Euronext Brussels
Brazil	BM&FBOVESPA
Canada	Montreal Exchange
Columbia	Bolsa De Valores
France	NYSE Euronext, Paris
Germany	Eurex
Hong Kong	Hong Kong Futures Exchange
Italy	Borsa Italiana (Italian Derivatives Market)
India	National Stock Exchange
Japan	Osaka Stock Exchange, Tokyo Stock Exchange, Tokyo Financial Exchange
Korea	Korea Exchange
Mexico	Mercado Mexicano de Derivados
Netherlands	NYSE Euronext, Amsterdam
Poland	Warsaw Stock Exchange
Russia	The Moscow Exchange
Singapore	Singapore Exchange
South Africa	Johannesburg Stock Exchange
Spain	MEFF Renta Variable (Madrid)
Sweden	Nasdaq OMX, Stockholm and NASDAQ OMX Nordic
Switzerland	Eurex
Taiwan	Taiwan Futures Exchange
Turkey	Turkish Derivatives Exchange
UK	ICE Futures Exchange
USA	CME Group (including Chicago Board of Trade (CBOT), Chicago Mercantile Exchange (CME), COMEX, New York Mercantile Exchange (NYMEX)), Chicago Board Options Exchange (CBOE), CBOE Futures Exchange (CFE), ICE Futures US Inc, NASDAQ OMX Futures Exchange (NFX), Eris Exchange

Appendix V

Determination of Net Asset Value

All Funds listed in this Prospectus are single priced. A single priced scheme has a single price for buying and selling units on any business day (the mid market value) and may be subject to the imposition of a dilution adjustment after which the price to be applied is known as the “Dealing Price”.

Units will be bought or sold on a forward price basis being the price calculated at the next valuation following receipt of Unitholders’ instructions by the Manager.

Valuation

The Manager reserves the right to (i) value the property of each Fund at an alternative time on any day on which the London Stock Exchange reduces the length of its mandatory quote period; and (ii) suspend valuation of the property of each Fund at any time when the buying and selling of units is suspended.

The Manager may carry out an additional valuation of the property of each Fund at any time during a Business Day if it considers it desirable to do so and may carry out special valuations in the following circumstances:

(A) where necessary for the purposes of effecting a scheme of reconstruction or amalgamation; or

(B) on the day on which the annual or half-yearly accounting period ends.

Unitholders should bear in mind that, on investing, the Manager may add an initial charge to the price of units. In addition, for both purchases and sales of units by investors, a dilution adjustment may be payable or deducted in certain circumstances.

1. Determination of Net Asset Value for single priced schemes

The price of a unit is calculated by reference to the Net Asset Value of the property of a Fund. The Net Asset Value of the property of a Fund is the value of the Fund’s assets less the value of the Fund’s liabilities determined in accordance with the provisions of the relevant Trust Deed. A summary of such provisions applying to each Fund follows:

(A) All the property of the Fund (including receivables) is to be included, subject to the following provisions.

(B) Property which is not cash (or other assets dealt with in paragraph (3) below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(1) units or shares in a collective investment scheme:

(I) if a single price for buying and selling units or shares is quoted, at that price; or

(II) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

(III) if, in the opinion of the Manager, the price obtained is unreliable or if no recent traded price is available or if no recent price exists, at a value which in the opinion of the Manager is fair and reasonable;

(2) exchange-traded derivative contracts:

(I) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(II) if separate buying and selling prices are quoted, at the average of the two prices;

(3) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee:

(4) any other investment:

(I) if a single price for buying and selling the security is quoted, at that price; or

(II) if separate buying and selling prices are quoted, at the average of the two prices; or

(III) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager’s best estimate of the value, at a value which in the opinion of the Manager is fair and reasonable; and

(5) property other than that described in (1), (2), (3) and (4) above at a value which, in the opinion of the Manager, represents a fair and reasonable midmarket price.

(C) Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.

(D) In determining the value of the property of the Fund, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.

(E) Subject to paragraphs (F) and (G) below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted, shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.

(F) Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph (E).

(G) All agreements are to be included under paragraph (E) which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

(H) Deduct an estimated amount for the anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Fund; on realised capital gains in respect of the previously completed and current accounting periods; and on income where liabilities have accrued), including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

(I) Deduct an estimated amount for any liabilities payable out of the property of the Fund and any tax thereon, treating periodic items as accruing from day to day.

(J) Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

(K) Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

(L) Add any other credits or amounts due to be paid into the property of the Fund.

(M) Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

(N) Currencies or values in currencies other than the base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

When an investment is fair valued, there is no guarantee that the investment will be sold at the price at which a Fund is carrying the investment. The Manager monitors domestic and foreign markets and news information for any developing events that may have an impact on the valuation of each Fund's investments.

Where the Manager believes that a reliable Unit price cannot be established as at the valuation point, dealing in the relevant Fund may be suspended.

Dilution Adjustment

The actual cost of purchasing or selling Units in a Fund may be higher or lower than the mid-market value used in calculating the Unit price. These costs may include dealing charges, commissions and the effects of dealing at prices other than the mid-market price. The effects of transaction charges and the dealing spread may have a materially disadvantageous effect on the Unitholders' interest in the Fund.

To prevent this effect, known as "dilution", the Manager may make a dilution adjustment when there are net inflows into a Fund or net outflows from a Fund, so that the price of a Unit is above or below that which would have resulted from a mid-market valuation. It is not, however, possible to predict accurately whether dilution will occur at any point in time. Consequently it is not possible to accurately predict how frequently the Manager will need to make such a dilution adjustment. The imposition of a dilution adjustment may reduce the redemption price or increase the purchase price of Units.

The imposition of a dilution adjustment will depend on the volume of sales or redemptions of Units. The Manager may make a dilution adjustment:

(A) if net sales or redemptions are over 1% of a Fund's Net Asset Value; or

(B) on a Fund experiencing large levels of net sales relative to its size; or

(C) where a Fund is in continual decline (i.e. is suffering a net outflow of investments); or

(D) in any other case where the Manager believes that it is in the interest of Unitholders to impose a dilution adjustment.

The dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, commission and transfer taxes.

On the occasions when the dilution adjustment is not made there may be an adverse impact on the total assets of the Fund.

For illustrative purposes, the table below sets out how many times the Manager applied a dilution adjustment on the dealing in Units of each Fund over the 12 month period from 1 January 2019 to 31 December 2019. However, such historical information does not constitute a projection. As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Manager will need to make such a dilution adjustment. In the usual course of business, the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

	Number of times dilution adjust-ment applied in 2019
Schroder MM Diversity Fund	3
Schroder MM UK Growth Fund	10
Schroder MM International Fund	2
Schroder MM Diversity Tactical Fund	1
Schroder MM Diversity Balanced Fund	1
Schroder MM Diversity Income Fund	3

Because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, and these can vary with market conditions, this means that the amount of the dilution adjustment can vary over time.

Estimates of the dilution adjustment calculated on securities held in each Fund, dealing expenses incurred and market conditions are set out below (all estimates are rounded to 2 decimal places):

Fund	Estimated Dilution Adjustment applicable to purchases	Estimated Dilution Adjustment applicable to sales
Schroder MM Diversity Fund	0.02	0.02
Schroder MM UK Growth Fund	0.00	0.00
Schroder MM International Fund	0.01	0.01
Schroder MM Diversity Tactical Fund	0.00	0.00
Schroder MM Diversity Balanced Fund	0.00	0.00
Schroder MM Diversity Income Fund	0.00	0.01

These rates are indicative and are only intended to provide a guide to Unitholders and potential Unitholders on the possible rate at which the dilution adjustment may be made.

Appendix VI

Funds

The Manager is also the manager of the following authorised unit trust schemes:

- Schroder Absolute Return Bond Fund
- Schroder Advanced Beta Global Corporate Bond Fund
- Schroder Advanced Beta Global Equity Value Fund
- Schroder Advanced Beta Global Sovereign Bond Fund
- Schroder Advanced Beta UK Equity Fund
- Schroder All Maturities Corporate Bond Fund
- Schroder Asian Alpha Plus
- Schroder Asian Income Fund
- Schroder Asian Income Maximiser
- Schroder Countrywide Managed Balanced Fund
- Schroder Diversified Growth Fund
- Schroder Dynamic Multi Asset Fund
- Schroder European Alpha Plus Fund
- Schroder European Fund
- Schroder European Smaller Companies Fund
- Schroder Flexible Retirement Fund
- Schroder Gilt and Fixed Interest Fund
- Schroder Global Diversified Income Fund
- Schroder Global Emerging Markets Fund
- Schroder Global Equity Fund
- Schroder Global Equity Income Fund
- Schroder Global Healthcare Fund
- Schroder Global Multi-Factor Equity Fund
- Schroder Global Cities Real Estate Income
- Schroder Global Cities Real Estate
- Schroder High Yield Opportunities Fund
- Schroder Income Fund
- Schroder Income Maximiser
- Schroder Institutional Growth Fund
- Schroder Institutional Pacific Fund
- Schroder Institutional UK Smaller Companies Fund
- Schroder Long Dated Corporate Bond Fund
- Schroder Managed Balanced Fund
- Schroder Monthly Income Fund
- Schroder Moorgate I Fund
- Schroder Managed Wealth Portfolio
- Schroder Prime UK Equity Fund
- Schroder QEP Global Active Value Fund
- Schroder QEP Global Core Fund
- Schroder QEP Global Emerging Markets Fund
- Schroder QEP US Core Fund
- Schroder Recovery Fund
- Schroder Small Cap Discovery Fund
- Schroder Specialist Value UK Equity Fund
- Schroder Sterling Broad Market Bond Fund
- Schroder Sterling Short Dated Broad Market Bond Fu
- Schroder Strategic Bond Fund
- Schroder Sustainable Multi-Factor Equity Fund
- Schroder Tokyo Fund
- Schroder UK Alpha Plus Fund
- Schroder UK Equity Fund
- Schroder UK Mid 250 Fund
- Schroder UK Real Estate Fund Feeder Trust
- Schroder UK Smaller Companies Fund
- Schroder US Equity Income Maximiser
- Schroder US Mid Cap Fund
- Schroder US Smaller Companies Fund
- SUTL Cazenove GBP Balanced Fund
- SUTL Cazenove GBP Growth Fund
- Anla Fund
- The Blackline Fund
- Bowdon General Fund
- Caversham Fund
- Elystan Fund
- Gresham General Fund
- Pilot Hill Fund
- Star Hill Fund
- Thornton Fund
- Winding Wood Fund
- The Betton Fund
- The Blair Fund

- The Cutty Fund
- The Global Growth Fund
- The Little Acorn Fund
- The Milton Fund
- The Mount Diston Fund
- The Pondtail Fund
- The Second Managed Growth Fund
- The Springfield Trust
- Scriventon Fund
- Evergreen Fund
- Bass Rock Fund
- Broombriggs Fund
- Countess Fund
- Barnegat Light Fund
- Eiger Fund
- Finial Fund
- Iranja Fund
- Ardnave Fund

The Manager is also ACD for Schroder Investment Fund Company, an open-ended investment company which currently has the following sub-funds:

- Schroder UK Opportunities Fund
- Schroder UK Dynamic Smaller Companies Fund
- Schroder Sterling Corporate Bond Fund
- Schroder Strategic Credit Fund
- Schroder European Opportunities Fund
- Schroder Core UK Equity Fund
- Schroder UK Alpha Income Fund
- Schroder European Alpha Income Fund
- Schroder Global Recovery Fund
- Schroder Multi-Asset Total Return Fund
- Schroder India Equity Fund
- Schroder Islamic Global Equity Fund
- Schroder UK-Listed Equity Income Maximiser Fund [1]
- Schroder Global Energy Transition Fund [2]
- Schroder Global Sustainable Growth Fund [3]

The Manager is also ACD for Schroder Absolute Return Fund Company, an open-ended investment company which currently has the following sub-funds:

- Schroder UK Dynamic Absolute Return Fund

The Manager is also ACD for:

- The Arcadia Fund
- The Wakefield Fund

The Manager is also ACD for Schroder Fusion Investment Fund Company, an open-ended investment company which currently has the following sub-funds:

- Schroder Fusion Portfolio 3
- Schroder Fusion Portfolio 4
- Schroder Fusion Portfolio 5
- Schroder Fusion Portfolio 6
- Schroder Fusion Portfolio 7
- Schroder Fusion Managed Defensive Fund
- Schroder Portfolio 3
- Schroder Portfolio 4
- Schroder Portfolio 5
- Schroder Portfolio 6
- Schroder Portfolio 7
- Schroder Portfolio 8

The Manager is also the Manager of SUTL Cazenove Charity UCITS Fund which currently has the following sub-trusts:

- SUTL Cazenove Charity Equity Income Fund
- SUTL Cazenove Charity Equity Value Fund
- SUTL Cazenove Charity Bond Fund

The Manager is also the Manager of SUTL Cazenove Charity Non-UCITS Fund which currently has the following sub-trusts:

- SUTL Cazenove Charity Multi-Asset Fund
- SUTL Cazenove Charity Responsible Multi-Asset Fund

1 The Fund is expected to launch on 4 December 2020.
2 The Fund is expected to launch on 8 December 2020.
3 The Fund is expected to launch on 15 December 2020.

Appendix VII

Performance Details

The historical performance [1] of each Fund is as follows with the historical performance of the relevant benchmark(s) for each Fund provided for comparison purposes:

Annual performance is shown for A Class Accumulation Units of each Fund. If A Class Accumulations Units have not been issued for a fund the unit class with the highest annual management charge will be shown. Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested.

Discrete Past Performance	2019(%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Schroder MM Diversity Fund					
A Accumulation GBP	4.9	-1.6	-0.5	7.6	-0.3
UK Consumer Price Index	1.3	2.1	3.0	1.6	0.2
Investment Association Mixed Investment 20-60% Shares sector average	12.1	-5.1	7.2	10.4	1.3
Schroder MM UK Growth Fund					
A Accumulation GBP	15.9	-7.7	4.9	16.2	-1.7
FTSE All Share Total Return Index	19.2	-9.5	13.1	16.8	1.0
Investment Association UK All Companies sector average	22.4	-11.2	14.1	11.0	4.8
Schroder MM International Fund					
A Accumulation GBP	16.9	-5.4	7.8	27.3	5.5
FTSE All World ex UK (Gross Total Return) Index	22.6	-3.1	14.0	30.4	4.2
Investment Association Global sector average	22.0	-5.7	13.9	23.9	2.8
Schroder MM Diversity Tactical Fund					
A Accumulation GBP	8.9	-4.7	2.5	13.7	3.0
Investment Association Flexible Investment sector average	15.6	-6.6	11.1	14.1	2.0
Schroder MM Diversity Income Fund					
A Accumulation GBP	5.1	-0.1	1.2	9.3	-0.5
UK Consumer Price Index	1.3	2.1	3.0	1.6	0.2
Investment Association Mixed Investment 20-60% Share sector average	12.1	-5.1	7.2	10.4	1.3
Schroder MM Diversity Balanced Fund					
A Accumulation GBP	9.0	-5.1	3.1	14.2	2.5
Investment Association Mixed Investment 40-85% Share sector average	15.9	-6.1	10.1	13.2	2.7

[1] Source: Schroders

EST. 1804

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the Financial Conduct Authority.

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