

IMPORTANT: This letter is important and requires your attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Hong Kong) Limited being the manager of the following funds accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

17 September 2018

Dear Unitholder

Schroder Balanced Investment Fund, Schroder Capital Stable Fund, Schroder Growth Fund and Schroder Stable Growth Fund (each a “**Schroder Unit Trust**” and together “**Schroder Unit Trusts**”)

We are writing to inform you of a number of changes to the Schroder Unit Trusts, which are summarised below. Save as specified below, all these changes will take immediate effect.

Unless otherwise specified, capitalized terms herein shall have the same meaning as those defined in the explanatory memorandum (“**Explanatory Memorandum**”) of each Schroder Unit Trust.

(A) Dilution and dilution adjustment

Each Schroder Unit Trust is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Schroder Unit Trust. This is known as “dilution”. In order to counter this and to protect unitholders’ interests, with effect from 19 October 2018, the Manager will apply “dilution adjustment” as part of its daily valuation policy. This will mean that in certain circumstances the Manager (if in its opinion in good faith it is in the interest of unitholders to do so) will make adjustments in the calculations of the net asset value per unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switching and redemptions received by a Schroder Unit Trust for each dealing day. The Manager therefore reserves the right to make a dilution adjustment where a Schroder Unit Trust experiences a net cash movement which exceeds a threshold set by the Manager from time to time of the previous dealing day's total net asset value.

The Manager may also make a discretionary dilution adjustment if, in its opinion, it is in the

interest of existing unitholders to do so.

Where a dilution adjustment is made, it will increase the net asset value per unit when there are net inflows into a Schroder Unit Trust and decrease the net asset value per unit when there are net outflows. The net asset value per unit of each unit class in the Schroder Unit Trusts will be calculated separately but any dilution adjustment will, in percentage terms, affect the net asset value per unit of each unit class identically.

As dilution is related to the inflows and outflows of money from a Schroder Unit Trust, 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 dilution adjustments.

Because the dilution adjustment for a Schroder Unit Trust will be calculated by reference to the costs of dealing in the underlying investments of the Schroder Unit Trust, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but will not exceed 2% of the net asset value per unit of the relevant Schroder Unit Trust on the relevant Valuation Date.

To reflect the relevant changes set out above, the Explanatory Memorandum and the trust deed ("**Trust Deed**") of each Schroder Unit Trust will be amended.

Save as described above, all other key features of the Schroder Unit Trusts, including fee level, fee structure, the way the Schroder Unit Trusts are managed and risk profile, remain unchanged. The costs incurred in relation to these changes including legal costs for amending the Explanatory Memorandum and the Trust Deed are estimated to be HKD 75,000 for each Schroder Unit Trust and will be borne by the relevant Schroder Unit Trust.

(B) Other enhancement of disclosures

a. Risk factors

The section headed "RISK FACTORS" in the Explanatory Memorandum will be revised for the purpose of enhancement to align with the disclosure requirements of the Hong Kong Securities and Futures Commission (the "SFC")'s Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds ("**Guide**").

b. Valuation and price calculation

In accordance with the Guide, the following amendments in relation to valuation and price calculation will be made:

The Manager may, with the prior consent in writing of the Trustee, permit some other method(s) of valuation to be used if it considers that the use of such other method(s) is required to reflect the fair value of a Schroder Unit Trust's assets including where it considers that the existing valuation methods appear impossible or inappropriate due to extraordinary circumstances or events. In addition, the Manager may, with the prior consent in writing of the Trustee, adjust the value of any investment of the Schroder Unit Trust if it considers that such adjustment is required to reflect the fair value thereof and may in making such adjustment have regard to currency, applicable rate of interest, maturity, marketability and other relevant considerations.

For further details, please refer to the section headed "VALUATION AND PRICE CALCULATION" of the Explanatory Memorandum.

c. Automatic exchange of financial account information

A new sub-section headed "Automatic exchange of financial account information" will be

included under the section headed "TAXATION" of the Explanatory Memorandum, as summarised below.

The Standard for Automatic Exchange of Financial Account Information ("AEOI") under the Inland Revenue Ordinance requires financial institutions in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with financial institutions, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Under the AEOI, details of unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

Each Schroder Unit Trust is required to comply with the requirements of AEOI as implemented by Hong Kong, which means that it and/or its agents shall collect and provide to the IRD tax information relating to unitholders and prospective investors.

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

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

d. Liquidity risk management

A new section headed "LIQUIDITY RISK MANAGEMENT" will be included in the Explanatory Memorandum to provide further information about the Manager's policy on liquidity risk management, as summarised below.

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Schroder Unit Trusts and to ensure that the liquidity profile of the investments of the Schroder Unit Trusts will facilitate compliance with the respective Schroder Unit Trust's obligation to meet redemption requests.

As part of its liquidity management policy, the Manager would regularly assess the liquidity of a Schroder Unit Trust's assets under the current and likely future market conditions. The Manager's liquidity policy takes into account the investment strategy; the liquidity profile; the redemption policy; the dealing frequency; the ability to enforce redemption limitations and the fair valuation policies of the Schroder Unit Trust.

For further details, please refer to section headed "LIQUIDITY RISK MANAGEMENT" in the Explanatory Memorandum.

e. Revised Fund Manager Code of Conduct

The Manager is licensed by the SFC for type 9 (asset management) regulated activity and accordingly is subject to regulation by the SFC, including the SFC's Fund Manager

Code of Conduct (the "Fund Manager Code"). The SFC will revise the Fund Manager Code with effect from 17 November 2018 to include, among others, certain disclosure obligations on companies licensed by the SFC for type 9 regulated activity in relation to funds they manage. The disclosure obligations relate to leverage, securities lending, repurchase and reverse repurchase transactions, custody risk, liquidity risk and liquidity risk management and other risk management policies.

The Explanatory Memorandum of each of the Schroder Unit Trusts will be amended to reflect the disclosure requirements of the revised Fund Manager Code.

(C) Amendments to trust deed

The Trust Deed of each Schroder Unit Trust is amended to conform with the specified requirements of the SFC's Code on Unit Trusts and Mutual Funds ("**Code**") and the Guide. A summary of the related amendments is set out at Annex 1 to this Letter.

The Explanatory Memorandum and the Product Key Fact Statement of each of the Schroder Unit Trusts will be revised to reflect the relevant changes set out above and the same will be available on or around 19 October 2018. Copies of the amended Explanatory Memoranda and Product Key Fact Statements will be available upon request.

The amended Trust Deed of each of the Schroder Unit Trusts will be available on or around 19 October 2018. Copies of the Trust Deeds, as amended, may be obtained at a reasonable cost, and may be inspected free of charge during normal working hours at the offices of the Manager and the Trustee.

If you would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

For and on behalf of

Schroder Investment Management (Hong Kong) Limited



Chris Durack

Chief Executive Officer, Hong Kong

Annex 1

Summary of amendment to the Trust Deed of Schroder Unit Trusts to conform with the specified requirements of the Code and the Guide

1.	Clarificatory amendment that the Manager and the Trustee shall in the performance of their respective duties under the Trust Deed at all times comply with the applicable provisions of the Code, and shall act at all times in compliance with the Code, and the Manager shall act in the best interests of unitholders.
2.	Clarificatory amendment that notwithstanding any other provisions in the Trust Deed, nothing in the Trust Deed may provide that the Trustee or Manager of the Schroder Unit Trust can be exempted from any liability to unitholders imposed under Hong Kong law or breaches of trust, nor may they be indemnified against such liability by unitholder.
3.	Clarificatory amendment regarding the Trustee's liability for the acts and omissions of its nominees and agents in relation to assets forming part of the property of the Schroder Unit Trust.
4.	Clarificatory amendment that notwithstanding any other provisions in the Trust Deed, the Manager may with the prior consent in writing of the Trustee adjust the value of any cash, deposits and/or investments or permit some other method of valuation to be used if such adjustment is required to reflect the fair value.
5.	Clarificatory amendment that section 41O of the Trustee Ordinance shall not apply to the extent that is inconsistent with the relevant clause in the Trust Deed.
6.	Clarificatory amendment that the Manager shall convene a separate meeting of unitholders of a particular class or classes of units if interests of unitholders of a particular class or classes of units are affected or there is a possibility of a conflict of interest between unitholders of a particular class or classes of units.

重要提示：此乃重要文件，務須閣下垂閱。閣下如對本函件的內容有任何疑問，應尋求找獨立專業意見。以下各基金的經理人 - 施羅德投資管理（香港）有限公司就本函件所載資料之準確性承擔全部責任，並在作出一切合理查詢後確認，盡其所知所信，本函件並無遺漏足以令本函件的任何陳述具誤導成分的其他事實。

親愛的單位持有人：

施羅德組合投資基金、施羅德資本平穩基金、施羅德增長基金及施羅德平穩增長基金（各稱「施羅德單位信託基金」及統稱「各施羅德單位信託基金」）

我們茲致函通知閣下對各施羅德單位信託基金作出的多項更改，有關更改概述於下文。除下文另有指明外，所有此等更改將即時生效。

除非另有指明，否則本函件中所用的特定詞彙與每項施羅德單位信託基金的說明書（「說明書」）所界定者具相同涵義。

(A) 攤薄及攤薄調整

每一施羅德單位信託基金使用單一定價，基金可能會因認購、贖回及/或轉換所導致買賣旗下投資項目的交易費用及買賣差價使基金價值下跌，此稱為「攤薄」。為應付該等情況及保障單位持有人利益，由 2018 年 10 月 19 日起，經理人將引入「攤薄調整」作為每日估值政策之一部分。因而在某些情況下，經理人（如其本著真誠認為此舉乃符合單位持有人的利益）將調整計算每單位資產淨值，以應付交易及其他費用帶來的重大影響。

在一般業務過程中，攤薄調整機制將機械地啟用及貫徹使用。

是否需要進行攤薄調整視乎施羅德單位信託基金於各交易日所收到的認購、轉換及贖回要求的淨值決定。因此，當施羅德單位信託基金的淨現金流動與前一個交易日的資產總淨值比較，超過某個經理人不時訂定的限額，經理人保留進行攤薄調整的權利。

若經理人認為符合現有單位持有人的利益，亦可酌情地使用攤薄調整機制。

在進行攤薄調整時，如基金有淨資金流入，每單位資產淨值將提高；如有淨資金流出，每單位資產淨值將調低。各施羅德單位信託基金各類別單位資產淨值將分別計算，惟任何攤薄調整將按同樣比例影響各類別單位的每單位資產淨值。

由於攤薄與施羅德單位信託基金的資金流入及流出有關，因此不可能準確地預測攤薄何時發生，故此亦不可能準確地預測經理人進行該等攤薄調整的次數。

各施羅德單位信託基金的攤薄調整是根據該基金旗下投資項目的交易費用，包括任何買賣差價而計算，該等因素視市況而變動，故攤薄調整的數目亦不時變動，但不會超過相關施羅德單位信託基金於相關估值日每單位資產淨值的 2%。

為了反映上文所載有關更改，每項施羅德單位信託基金的說明書及信託契約（「信託契約」）將予修訂。

除了上文所載述外，各施羅德單位信託基金的所有其他主要特點，包括收費水平、收費結構、各施羅德單位信託基金的管理方式及風險概況均維持不變。就此等更改而引起的費用，包括修訂說明書及信託契約的法律費用，每項施羅德單位信託基金的法律費用估計為 75,000 港元，並將由相關施羅德單位信託基金承擔。

(B) 其他進一步披露

a. 風險因素

為了與香港證券及期貨事務監察委員會（「證監會」）單位信託及互惠基金認可申請的常規及程序指南（「指南」）內的披露要求一致，說明書中標題為「風險因素」一節將會作出修訂。

b. 估值及單位價格計算

根據指南，將作出以下有關估值及單位價格計算的修訂：

如經理人認為需要使用其他估值方法以反映施羅德單位信託基金資產的公平價值，包括當其認為因特別情況或事件不可能或不適合以現時方法估值，經理人可在取得受託人事先書面同意後，允許運用其他估值方法。此外，如經理人認為有需要作出調整以反映施羅德單位信託基金的公平價值及在作出該項調整時已考慮貨幣、適用的利率、到期日、可銷售性和其他相關情況，經理人可在取得受託人事先書面同意後，調整施羅德單位信託基金任何投資的價值。

有關進一步詳情，請參閱說明書中標題為「估值及單位價格計算」一節。

c. 自動交換財務賬戶資料

標題為「自動交換財務賬戶資料」新分節將載入說明書中標題為「稅項問題」一節下，內容概述於下文。

《稅務條例》下的自動交換財務賬戶資料（「自動交換資料」）規定香港的財務機構收集有關持有在財務機構開立賬戶的非香港稅務居民的資料，以及將有關資料提供予香港稅務局（「稅務局」）存檔，而稅務局則會與該賬戶持有人居住所在的稅務管轄區交換有關資料。根據自動交換資料，單位持有人的詳情，包括但不限於其姓名、出生所在司法管轄區、地址、稅收居所、賬戶詳情、賬戶餘額/價值及收入或銷售或贖回所得款項，可匯報予稅務局，其後與稅收居所相

關司法管轄區的政府機關交換。

每項施羅德單位信託基金須遵守香港落實的自動交換資料的規定，表示每項施羅德單位信託基金及/或其代理須收集並向稅務局提供有關單位持有人及有意投資者的稅務資料。

透過投資於各施羅德單位信託基金及/或繼續投資於各施羅德單位信託基金，單位持有人應確認彼等可能須向各施羅德單位信託基金、經理人及/或各施羅德單位信託基金代理提供額外的資料，以便各施羅德單位信託基金遵從自動交換資料安排。單位持有人的資料（及實益擁有人、受益人、直接或間接股東，或與該等不屬於自然人的單位持有人相關聯之其他人士的資料）可能會由稅務局傳送予其他司法管轄區的有關機關。

有關自動交換資料安排對其於各施羅德單位信託基金的當前或建議投資的行政及實質影響，各單位持有人及有意投資者應諮詢其專業顧問。

d. 流動性風險的管理

標題為「流動性風險的管理」新分節將載入說明書中以提供有關經理人的流動性風險管理政策的進一步資料，內容概述於下文。

經理人已制定一套流動性風險管理政策，使之能夠識別、監督及管理各施羅德單位信託基金的流動性風險，並確保各施羅德單位信託基金的投資流動性狀況足以讓有關施羅德單位信託基金應付贖回要求的責任。

作為流動性管理政策的一部分，經理人會定期評估施羅德單位信託基金資產在現時和將來可能出現的市況下的流動性。經理人的流動性政策考慮施羅德單位信託基金的投資策略、流動性概況、贖回政策、交易次數、執行贖回限制的能力和公平估值政策。

有關進一步詳情，請參閱說明書中標題為「流動性風險管理」一節。

e. 根據經修改的《基金經理操守準則》對解釋說明書作出的修訂

經理人獲證監會發牌從事第 9 類（提供資產管理）的受規管活動，並受證監會的規定規限，包括證監會的《基金經理操守準則》（「基金經理準則」）。證監會將於 2018 年 11 月 17 日對基金經理準則作出修改，其中包括從事第 9 類牌照受規管活動的公司就其管理的基金的某些披露義務。該披露義務有關槓桿比率、證券借貸、回購交易、逆回購交易、託管風險、流動性風險、流動性風險管理及其他風險管理政策。

每一施羅德單位信託基金的解釋說明書將作修訂以反映經修改的基金經理準則的披露規定。

(C) 信託契約的修訂

每項施羅德單位信託基金的信託契約已予修訂以符合證監會的《單位信託及互惠基金守則》（「守則」）及指南的特定要求。相關修訂的概要載於本函附件 1。

每項施羅德單位信託基金的說明書及產品資料概要將會作出修改以反映上述有關變更，該等說明書及產品資料概要將可於 2018 年 10 月 19 日或前後提供。經修訂的說明書及產品資料概要的副本將可應要求提供。

每項施羅德單位信託基金的經修訂信託契約將可於 2018 年 10 月 19 日或前後提供。該等信託契約（經修訂）的副本可於支付一項合理費用後取得，並可於正常辦公時間內在經理人及受託人的辦事處免費查閱。

閣下如需要更多資料，請聯絡閣下的專業顧問或致電施羅德投資熱線電話：(+852) 2869 6968 查詢。



杜偉麒

香港區行政總裁

施羅德投資管理（香港）有限公司

謹啟

2018 年 9 月 17 日

附件 1

各施羅德單位信託基金的信託契約的修訂概要以符合守則及指南的特定要求

1.	澄清性修訂，經理人及受託人在履行其各自在信託契約下的職責時須時刻遵從守則的適用條文，並時刻遵照守則行事，以及經理人須為符合單位持有人的最佳利益而行事。
2.	澄清性修訂，儘管信託契約的任何其他條文，惟信託契約並沒有任何條文可以豁免施羅德單位信託基金的受託人或經理人根據香港法律或違反信託行為而須向單位持有人承擔的任何責任，或彼等可獲單位持有人就該責任作出彌償保證。
3.	澄清性修訂，關於受託人就其代理人及代理就施羅德單位信託基金資產的部分財產之作為及不作為的責任。
4.	澄清性修訂，儘管信託契約的任何其他條文，惟經理人如認為作出調整可反映基金的公平價值，經理人可在取得受託人事先書面同意後，調整任何現金、存款及/或投資的價值或允許使用某些其他估值方法。
5.	澄清性修訂，如《受託人條例》第 41O 條與信託契約相關條款不相符時將不適用。
6.	澄清性修訂，倘若某一個或多個特定單位類別的單位持有人的利益受到影響或某一個或多個特定單位類別的單位持有人之間可能出現利益衝突，則經理人將為某一個或多個特定單位類別的單位持有人召開獨立的單位持有人會議。