

IMPORTANT: This letter is important and requires your immediate 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.

Unless otherwise stated herein, capitalised terms in this letter shall have the same meaning(s) as defined in the explanatory memorandum ("**Explanatory Memorandum**") of each Fund.

13 March 2023

Dear Unitholder

Schroder Unit Trusts

- **Schroder Balanced Investment Fund**
 - **Schroder Capital Stable Fund**
 - **Schroder Growth Fund**
 - **Schroder Stable Growth Fund**
- (each a "Fund", collectively, "Funds")

We are writing to inform you of the following updates relating to the Funds, which are summarised below.

A. Updates in relation to investments in insurance-linked securities ("ILS") and ILS-related products

With effect from 13 March 2023 ("**Effective Date**"), the investment policies of the Funds will be updated to provide that each Fund may invest up to 10% of its net asset value in ILS, such as catastrophe bonds, issued outside Hong Kong and/or any ILS-related products, such as derivatives or structured products whose returns are linked to the performance of any ILS and collective investment schemes whose investment objective or principal investment strategy is investing in ILS. For the avoidance of doubt, the Funds will not invest in ILS issued in Hong Kong and their repackaged products and derivatives.

As a result of the Funds' investments in ILS and ILS-related products, the Funds may be subject to the following risks:

Insurance-linked securities/ catastrophe bonds risks

Insurance-linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes.

A Fund could invest in catastrophe bonds which may lose part or all of their value in case a trigger event occurs (e.g. natural disasters or financial or economic failures).

Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Fund's holdings of such securities.

Although a Fund's exposure to such events will be limited and diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Fund's holdings of such securities.

The loss amount is defined in the terms of the catastrophe bond and may be based on losses to a company or industry, modelled losses to a notional portfolio, industry indices, readings of scientific instruments or certain other parameters associated with a catastrophe rather than actual losses. The modelling used to calculate the probability of a trigger event may not be accurate or may underestimate the likelihood of the trigger event occurring which may increase the risk of loss.

Catastrophe bonds may provide for extensions of maturity which may increase volatility and may be rated by credit ratings agencies on the basis of how likely it is that the trigger event will occur. Catastrophe bonds have typically have a below investment grade credit rating (or considered equivalent if they are unrated).

B. Updates in relation to currency conversion service

The disclosures in the Explanatory Memoranda relating to currency conversion for any payments to or from the relevant Fund for subscription, redemption or switching of units will be updated and streamlined. For the avoidance of doubt, the risk and cost of currency conversion and other related charges and expenses will be borne by the relevant investor.

C. Implications on unitholders

Save as described above, all other key features of the Funds, including fee levels, fee structures, and the ways the Funds are managed in practice remain unchanged. The updates set out above do not amount to any material change to the Funds. There will be no material change or increase in the overall risk profile of the Funds following the updates, and the updates do not have any material adverse impact on unitholders' rights or interests.

D. Amendments to the offering documents

The Explanatory Memoranda and Product Key Facts Statements of the Funds will be revised to reflect the relevant updates set out above, and other miscellaneous or general updates. The latest offering documents of the Funds are available at our website

(www.schroders.com.hk)¹ or upon request from our office (Level 33, Two Pacific Place, 88 Queensway, Hong Kong) free of charge.

E. Enquiry

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

Schroder Investment Management (Hong Kong) Limited

¹ The website has not been reviewed by the SFC.

***This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.***

Quick facts

Manager:	Schroder Investment Management (Hong Kong) Limited			
Trustee:	HSBC Institutional Trust Services (Asia) Limited			
Ongoing charges over a year:	Class C HKD Acc	0.76%*	Class A USD Acc	1.21%*
	Class C USD Acc	0.76%*	Class A HKD Acc	1.21% [#]
	Class A HKD Dis	1.21% [#]	Class A USD Dis	1.21% [#]
	Class A AUD Hedged Dis	1.22% [#]		
	Class A RMB Hedged Dis	1.22% [#]		
Dealing frequency:	Daily			
Base currency:	HKD			
Dividend policy:	Accumulation Units – Dividend will not be distributed but will be reinvested into the fund.			
	Income Units – Dividend will be distributed on a monthly basis. However, the distribution rate is not guaranteed.			
	Distributions may be paid out of capital and reduce the fund's net asset value.			
Financial year end of this fund:	30 September			
Minimum investment:	Initial – HKD5,000, RMB5,000 or USD1,000 (or equivalent); Subsequent investment – HKD5,000, RMB5,000 or USD1,000 (or equivalent)			

* The ongoing charges figure is based on the expenses for the year ended 30 September 2021. This figure may vary from year to year.

[#] The ongoing charges figure is estimated (because the unit class is recently launched) based on the annualised expenses of a unit class with the same fee structure over a 12-month period. The actual ongoing charges figure may be different from the estimate and may vary from year to year.

What is this product?

This is a fund constituted in the form of a unit trust established under the laws of Hong Kong.

Objectives and investment strategy

The fund's investment objective is capital appreciation in HK dollars through investing in quoted equities, and fixed income securities, other asset classes and money market instruments and cash in any part of the world directly or through investment in funds (including qualified exchange traded funds) ("Underlying Schemes") investing in the foregoing investments. The fund may directly invest up to 70% of its net asset value in quoted equities and up to 70% of its net asset value in fixed income securities. The fund's investment is not subject to any prescribed limit on the region, country, industry, credit rating or market capitalisation of the investment. The manager intends to adopt a relatively balanced approach towards bonds and equities exposure in the fund with the objective of achieving capital appreciation with minimal short term performance volatility.

Up to 100% of the fund's net asset value may be invested in Underlying Schemes. The fund will only invest in other funds authorized by the Securities and Futures Commission (the "SFC") (except for hedge funds under 8.7 of the Code on Unit Trusts and Mutual Funds ("UT Code")) or in eligible schemes^{Note} domiciled in jurisdictions recognized by the SFC (whether authorized by the SFC or not), except that not more than 10% of the fund's net asset value may be invested in non-eligible schemes not authorized by the SFC.

The fund may, if the manager considers fit, seek exposure of not more than 15% of its net asset value to other asset classes including but not limited to commodities (including energy, metals and agricultural commodities) indirectly through Underlying Schemes.

The fund will actively allocate between different asset classes including equities, fixed income securities, other asset classes, money market instruments and cash to achieve the fund's objectives. The fund will also make changes to the regional allocation within each of the asset class. The fund uses a risk-premia approach to analyse different asset classes to identify the driving forces behind the risks and returns of asset classes. The analysis is based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Money market instruments and cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the fund also aims to achieve its investment objectives through investment in the Underlying Schemes, which perform active security selection. The allocation to the Underlying Schemes is actively managed based on the Underlying Schemes' investment universes, investment strategies, risk and return profiles and the prevailing market conditions.

The fund's expected asset allocation ranges for each asset class, either directly or through investment in Underlying Schemes, is expected to be the following:

Equities: 30–70%

Fixed income: 30–70%

Other asset classes: 0–15%

Money market instruments and cash: 0–30%

The fund may acquire financial derivative instruments for hedging and non-hedging purposes.

The fund may invest in Underlying Schemes of which the net derivative exposure is more than 50% of the Underlying Scheme's latest available net asset value. Investment in any single Underlying Scheme with a net derivative exposure exceeding 50% of its net asset value, which is (i) an SFC authorized fund (except for hedge funds under 8.7 of the UT Code) or (ii) an eligible scheme^{Note} which is not authorized by the SFC, will not be more than 30% of the fund's net asset value.

The fund will have limited Renminbi (RMB) denominated underlying investments.

Note: "Eligible schemes" refer to UCITS schemes domiciled in Ireland, Luxembourg or the United Kingdom and, in accordance with their home regulation, such UCITS schemes may adopt the commitment approach or value at risk approach in monitoring the derivative exposure or risk of the UCITS schemes.

Use of derivatives/investment in derivatives

The fund's net derivative exposure may be up to 50% of its net asset value.

What are the key risks?

Investment involves risk. Please refer to the offering document for details including the risk factors.

1. General investment risk

The fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the fund may suffer losses. There is no guarantee of the repayment of principal.

2. Equity investment risk

The fund and the Underlying Scheme's investment in equity securities is subject to the risk that the market value of the stocks may go down as well as up due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. If the market value of the stocks go down the net asset value of the fund and the Underlying Scheme may be adversely affected.

3. Risks relating to investment in fixed income securities

- **Credit and counterparty risk** – Investment in fixed income securities is subject to the credit/default risk of the issuer which may also adversely affect the settlement of the securities.
- **Credit ratings risk** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Interest rate risks** – Investment in the fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Credit downgrading risk** – The credit rating of fixed income securities or their issuers may be subsequently downgraded. In the event of such downgrading, the value of the fund or Underlying Schemes may be adversely affected. Such securities may not be disposed immediately and the fund and/or Underlying Schemes may therefore be subject to additional risk of loss.
- **Liquidity and volatility risk** – Securities not listed or rated or actively traded may have low liquidity and higher volatility, and their prices may be subject to fluctuations. The bid and offer spread of their price may be high and the fund or Underlying Schemes may therefore incur significant trading costs and may even suffer losses when selling such instruments.
- **Valuation risk** – Valuation of the fund's or Underlying Scheme's investment may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund and/or the Underlying Scheme.
- **Sovereign debt risk** – The fund's or an Underlying Scheme's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the fund or the Underlying Scheme to participate in restructuring such debts. The fund may suffer significant losses when there is a default of sovereign debt issuers.

4. Currency and exchange risk

The investments (including the Underlying Schemes and their investments) acquired by the fund may be denominated in currencies other than the base currency of the fund. Also, a unit class may be denominated in a currency other than the base currency of the fund. The net asset value of the fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

5. Risks of investing in other collective investment schemes / funds

The fund may invest in other funds and will be subject to the risks associated with the Underlying Schemes. The fund does not have control of the investments of the Underlying Schemes and there is no assurance that the investment objective and strategy of the Underlying Schemes will be successfully achieved which may have a negative impact to the net asset value of the fund.

The Underlying Schemes in which the fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into the Underlying Schemes. There is also no guarantee that the Underlying Schemes will always have sufficient liquidity to meet the fund's redemption requests as and when made.

6. Emerging and less developed markets

Investment in emerging and less developed markets may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

7. Financial derivative instruments ("FDI")

The fund and some of the Underlying Schemes may have exposure in FDI. Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI. Exposure to FDI may lead to a high risk of significant loss.

8. Risk relating to small- and mid-capped companies

The fund and some of the Underlying Schemes may invest in the securities of small- and/or mid-capped companies. Investing in these securities may expose the fund or the Underlying Schemes to risks such as greater market price volatility, less publicly available information, and greater vulnerability to fluctuations in the economic cycle.

9. Risk relating to exchange traded funds

The fund or an Underlying Scheme may invest in exchange traded funds ("**ETFs**"). ETFs generally are passively managed and may not be able to adapt to market changes. ETFs may be subject to tracking error risk, which is the risk that its performance may not track that of the index exactly. The trading price of units of ETFs is driven by market factors such as demand and supply of the units, and units may trade at a substantial premium or discount to net asset value. Where the fund or an Underlying Scheme invests in synthetic ETFs, such investments are susceptible to more significant price fluctuations and higher volatility, and are exposed to risk of fall in collateral value and risk of default of counterparties.

10. Risks relating to hedging and the hedged classes

There is no guarantee that the desired hedging instruments will be available or hedging techniques will be effective. The fund may suffer significant losses in adverse situation. Any expenses arising from such hedging transactions will be borne by the relevant hedged classes. Hedging may also preclude unitholders from benefiting from an increase in value in terms of the fund's base currency.

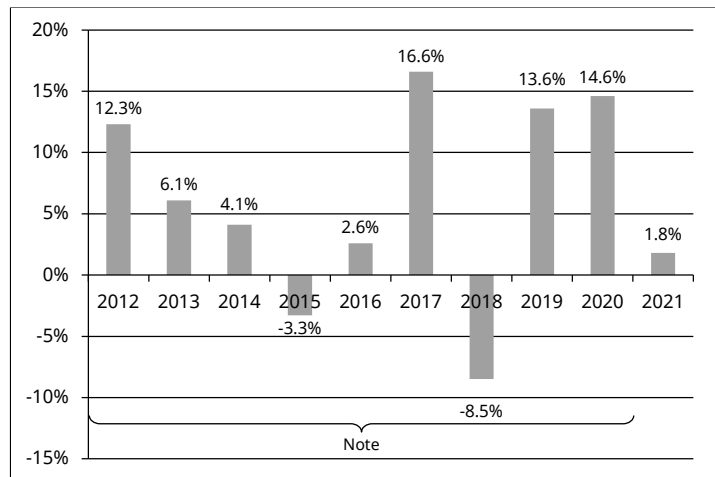
11. Renminbi ("RMB") currency risk and RMB classes related risk

- RMB is currently not freely convertible and is subject to foreign exchange control policies and restrictions.
- There can be no assurance that RMB will not be subject to depreciation. Any depreciation of RMB could adversely affect the value of investor's investment in classes denominated in RMB.
- Class(es) denominated in RMB will be valued with reference to offshore RMB ("CNH") rather than onshore RMB ("CNY"). While CNH and CNY represent the same currency, they are traded at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Non-RMB based investors in classes denominated in RMB may have to convert HK dollar or other currency(ies) into RMB when investing in classes denominated in RMB and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HK dollar or such other currency(ies). Investors will incur currency conversion costs and you may suffer losses depending on the exchange rate movements of RMB relative to HK dollar or such other currencies.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

12. Risks relating to distributions

- **The manager may at its discretion make such distributions out of the capital of the fund. This amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the value of units of the relevant Income Units.**
- The distribution amount and net asset value of the hedged unit classes may be adversely affected by differences in the interest rates of the class currencies of the hedged unit classes and the fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the fund's Class A USD Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 1995
- Class A USD Accumulation launch date: 2011
- The manager views the Class A USD Accumulation, being the main unit class offered to investors, as the most appropriate representative unit class of the fund.

Note: The performance of these years was achieved under circumstances that no longer apply. During these years, there was material change(s) to the fund, namely, reduction of fee(s) and changes of investment policy.

Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the fund.

Fee	What you pay	
Unit class	A	C
Subscription fee (Initial charge)	Up to 5% of the gross investment amount	
Switching fee	Up to 5% of the switching amount	
Redemption fee (Redemption charge)	Nil	

Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the fund's net asset value)	
Unit class	A	C
Management fee*	1.0%	0.625%
Trustee fee**	0.04%	
Performance fee	Not applicable	
Administration fee (Service Provider's costs)	0.02% to 0.1%	

* The fee may be increased, subject to a maximum of 1.5% p.a., by 3 months' notice to unitholders.

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Other fees

You may have to pay other fees when dealing in the units of the fund. Please refer to "Expenses" section of the offering document.

Additional information

- You generally buy and redeem units at the fund's relevant net asset value ("NAV") after Schroder Investment Management (Hong Kong) Limited receives your request, directly or via a distributor, in good order at or before 5pm HK time, being the fund's dealing cut-off time on each dealing day of the fund. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the fund's dealing cut-off time).
- Compositions of the distributions (i.e. the percentages of distribution being paid out of capital and net distributable income) for the last twelve months for each of the classes of Income Units paying distributions out of capital are available from the manager on request and on the Schroders' Internet site (www.schroders.com.hk). This website has not been reviewed by the SFC.
- Past performance information of other unit classes offered to Hong Kong investors is available online at www.schroders.com.hk. This website has not been reviewed by the SFC.
- The net asset value of this fund is calculated and the price of units is published on each dealing day. They are available online at www.schroders.com.hk. This website has not been reviewed by the SFC.

Important

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