

# Schroders

## Additional Information to the PDS

Dated: 1 May 2018

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### Contact details

Schroder Investment Management  
Australia Limited  
(ABN 22 000 443 274)  
(AFSL No. 226 473)

### Registered office

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123 Pitt Street  
Sydney NSW 2000

### Schroders unit registry

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### Website

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### Important information

The information in this document forms part of the Product Disclosure Statement (PDS) of the Funds listed in this Additional Information booklet. You should read this booklet together with the relevant PDS before making a decision to invest in a Fund. Certain sections of this booklet may not apply to all Funds.

Information provided in each PDS and this Additional Information booklet is general information only and does not take into account your personal financial circumstances or needs. You should obtain your own financial advice before making an investment decision.

Schroder Funds	Class of Fund	ARSN	APIR	Beneficiary Lodgement Code	PDS date
<b>Australian Equities</b>					
Schroder Australian Equity Fund	Professional Class	089 953 248	SCH0002AU	AEF	1 August 2017
Schroder Wholesale Australian Equity Fund	Wholesale Class	100 857 823	SCH0101AU	WAE	1 August 2017
Schroder Equity Opportunities Fund	Professional Class	128 708 645	SCH5738AU	EOP	18 January 2018
Schroder Equity Opportunities Fund	Wholesale Class	128 708 645	SCH0035AU	EOF	1 August 2017
<b>QEP Global Equities</b>					
Schroder Global Core Fund	Wholesale Class	092 337 365	SCH0003AU	GES	1 August 2017
Schroder Global Value Fund	Wholesale Class	114 292 009	SCH0030AU	GAV	1 August 2017
Schroder Global Value Fund (Hedged)	Wholesale Class	115 597 272	SCH0032AU	GVH	1 August 2017
Schroder Global Quality Fund	Wholesale Class	136 599 409	SCH0041AU	GQF	1 August 2017
Schroder Global Blend Fund	Wholesale Class	136 596 257	SCH0040AU	GDB	1 August 2017
Schroder Global Blend Fund (Hedged)	Wholesale Class	146 945 137	SCH0051AU	GDH	1 August 2017
Schroder QEP Emerging Markets Fund	Wholesale Class	157 846 145	SCH0097AU	QEW	1 August 2017
<b>Fixed Income</b>					
Schroder Fixed Income Fund	Professional Class	089 952 849	SCH0016AU	FIS	1 August 2017
Schroder Fixed Income Fund	Wholesale Class	089 952 849	SCH0028AU	FIF	1 August 2017
Schroder Absolute Return Income Fund	Professional Class	092 060 172	SCH0024AU	HSS	1 May 2018
Schroder Absolute Return Income Fund	Wholesale Class	092 060 172	SCH0103AU	HSF	1 May 2018

Schroder Funds	Class of Fund	ARSN	APIR	Beneficiary Lodgement Code	PDS date
<b>Multi-Asset</b>					
<b>Schroder Real Return CPI Plus 5% Fund</b>	Professional Class	132 446 103	SCH0039AU	RRF	1 August 2017
<b>Schroder Real Return CPI Plus 5% Fund</b>	Wholesale Class	132 446 103	SCH0047AU	RRW	1 August 2017
<b>Schroder Real Return CPI Plus 3.5% Fund</b>	Wholesale Class	163 314 305	SCH0096AU	R3W	1 August 2017
<b>Schroder Balanced Fund</b>	Professional Class	092 337 203	SCH0010AU	BFS	1 August 2017
<b>Schroder Balanced Fund</b>	Wholesale Class	092 337 203	SCH0102AU	SBF	1 August 2017
<b>Regional and Overseas Equities</b>					
<b>Schroder Asia Pacific Fund</b>	Wholesale Class	092 337 936	SCH0006AU	APF	1 August 2017
<b>Schroder Global Emerging Markets Fund</b>	Wholesale Class	121 251 410	SCH0034AU	GEM	1 August 2017
<b>Schroder Global Recovery Fund</b>	Professional Class	603 473 329	SCH4757AU	GRS	1 August 2017
<b>Schroder Global Recovery Fund</b>	Wholesale Class	603 473 329	SCH0095AU	GRW	1 August 2017

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## 1. Significant features of a Fund

### 1.1 Our legal relationship with investors

The Corporations Act, general law and the Constitution set out the rights and interests of the unitholders in a Fund as investors and also set out the rights, duties and obligations of Schroder Investment Management Australia Limited (Schroders) as the Responsible Entity of each Fund.

#### Compliance plan

In accordance with the Corporations Act, a compliance plan has been prepared for each Fund and lodged with ASIC. The compliance plan, among other things, sets out the measures that Schroders will apply to ensure that each Fund is operated in accordance with the Constitution and the Corporations Act. The compliance plan will be audited at least once a year by an external auditor who will report on their findings to Schroders. A compliance committee, with a majority of external members, has been established for the purpose of monitoring Schroders' adherence to each Fund's compliance plan.

#### Constitution

Each Fund is governed by its Constitution. The main provisions of the Constitution are summarised below. The Constitution is legally binding between Schroders and each unitholder. To the extent there is any inconsistency between this PDS and the Constitution, the provisions of the Constitution will prevail. Subject to the Corporations Act, Schroders, as the Responsible Entity, may amend the Constitution. A copy of the Constitution is available for inspection free of charge at the offices of Schroders during normal business hours.

#### Rights and liabilities of unitholders

Each unit carries with it an equal beneficial interest in the relevant unit class of a Fund as a whole but not in any particular asset of the Fund. Fund income is only distributed to registered unitholders entitled to a distribution as at the last Business Day of the distribution period. Unitholders may not interfere with Schroders' powers or exercise any rights in respect of any investment of a Fund. Under the Constitution and the Corporations Act unitholders may:

- transfer units in a Fund;
- requisition, attend and vote at meetings of a Fund;
- share in the income and capital distributions of a Fund; and
- participate in the winding up of a Fund.

Generally, the Constitution limits a unitholder's liability to Schroders as the Responsible Entity to the value of that unitholder's investment in a Fund. However, no absolute assurance can be given due to the fact that this has not been tested in superior courts.

## Liability of Schroders as the Responsible Entity

Subject to the Corporations Act, except in the case of its own fraud, gross negligence, or wilful default, Schroders is not liable to the extent that it is in fact able to be indemnified out of the assets of a Fund.

## Retirement and removal of Schroders as the Responsible Entity

Schroders may be removed from a Fund in the circumstances set out in the Constitution and the Corporations Act, including where unitholders pass an extraordinary resolution to remove Schroders as the Responsible Entity. Schroders may also retire voluntarily and must call a meeting of unitholders who may choose a replacement by extraordinary resolution.

## Termination of a Fund

Schroders may terminate a Fund at any time by giving notice to unitholders or in the circumstances provided in the Corporations Act, including pursuant to an extraordinary resolution passed by unitholders. Where a Fund is terminated, Schroders must dispose of all the assets of the Fund and distribute the net proceeds to unitholders in proportion to the number of units held.

## 1.2 Keeping you informed

Unitholders may receive the following reports:

- confirmations for their initial investment and all subsequent transactions;
- periodic transaction statements;
- distribution summary;
- annual tax statements providing details required to complete Australian taxation returns. Investors who redeemed during any year and who have received a distribution during that period will also receive an annual tax statement; and
- annual audited financial statements.

If you are a retail client as defined in the Corporations Act, you are entitled to a periodic statement on your investments.

If you are investing through an intermediate investment such as an IDPS (eg: investment platform service) then reports on your investment will come from the operator of that service, not from Schroders.

Potential investors may obtain copies of audited financial statements and/or details of the underlying investments or current unit prices for a Fund by contacting Schroders.

Under the Constitution of a Fund, Schroders or its nominee has certain discretions in calculating unit prices. A documented unit pricing policy is maintained relating to the exercise of these discretions. A copy of the policy and documents relating to it are available free of charge on our website [www.schroders.com.au](http://www.schroders.com.au) or, by contacting Schroders.

## Online account access

Online account access is available for direct investors providing easy and convenient online access for you to:

- check the total value of your investments in each Fund;
- view your account summary, including the class of units you are invested in, the number of units, unit price and current balance of the class of units you are invested in; and
- review your recent transaction history.

Investors who wish to access their unit holding information online should register for this service online at [www.schroders.com.au](http://www.schroders.com.au). Investors will then be mailed a login ID, temporary password and activation instructions.

We will provide your adviser or authorised representative with a separate login ID and password to access your account information.

Access is subject to terms and conditions that will be available online upon accessing this service.

## Continuous disclosure

Where a Fund has become a 'disclosing entity' as defined in the Corporations Act, it will be subject to continuous disclosure and reporting obligations under the Corporations Act. We will meet our continuous disclosure obligations by publishing material information on our website [www.schroders.com.au](http://www.schroders.com.au). Copies of documents lodged with ASIC in relation to each Fund may be obtained from, or inspected at an ASIC office. You have a right to obtain a copy of the following documents from us at no charge:

- a Fund's annual financial report most recently lodged with ASIC;
- any half-yearly report lodged with ASIC after the lodgement of the annual report and before the date of this PDS; or
- any continuous disclosure notices given by a Fund after lodgement of the latest annual and before the date of this PDS, as applicable.

## 1.3 How to invest in a Fund

You can make an investment into a Fund by completing the relevant application forms and sending it in accordance with the instructions contained in the form. Application forms can be found in the 'Investing with us' section of the Schroders website [www.schroders.com.au](http://www.schroders.com.au).

As a member of the ASX's mFund Settlement Service, Schroders may apply to admit certain Funds as mFund products. As and when a Fund is admitted, you will be able to transact with Schroders through mFund.

### Initial investment

The minimum initial investment is \$500,000 for the Professional Class and \$20,000 for the Wholesale Class of a Fund. An initial application for units must be made on the original application form accompanying this PDS or, if the Fund is admitted to mFund, you can invest via certain ASX brokers. Initial applications may require supporting identification documents as part of the requirements of the Anti-Money Laundering and Counter-Terrorism Financing regime. These identification and verification requirements are outlined in the customer identification forms. Initial applications received by facsimile will not be accepted without prior agreement by Schroders. All initial applications will only be accepted if Schroders is satisfied with all details disclosed in the application form and associated client identification documents have been received.

Application requests will generally be funded in cash. Schroders may from time to time and in its absolute discretion accept application requests by transfer of investments in-kind or by a switch of units into the Fund ('in specie' transfers). If agreed to by Schroders and a unitholder, investments that relate to 'in specie' transfers will be valued on the date units are created. All costs including any applicable stamp duty and other taxes, incurred as a result of the transfer, will be payable by the unitholder.

Advance notice is required for all transactions the subject of 'in specie' transfers.

### Additional investments

The minimum additional investment is \$50,000 for the Professional Class and \$5,000 for the Wholesale Class of a Fund. Unitholders may make additional investments via BPAY® or by forwarding payment in accordance with the 'Payment options' (refer below), together with written notification to Schroders or by completing either a current application form or additional application form which can be downloaded from [www.schroders.com.au](http://www.schroders.com.au).

You should be aware that any additional investments will be deemed to have been made on the terms of the then current PDS.

### Cut-off times

The cut-off time for Schroders is normally 3pm Sydney time on a Dealing Day, and 11.15am for transactions made via mFund. For the Schroder QEP Emerging Markets Fund, Schroders requires notice of at least one Dealing Day to process an application. Accordingly where application instructions are received by 3pm Sydney time on a Dealing Day and accepted by Schroders, the application will normally be processed on the following Dealing Day (Transaction Day) and units will be normally allocated at the unit price calculated for the Transaction Day.

Please note that the cut-off times for other administration platforms or certain ASX brokers may be earlier than Schroders' normal cut-off times.

Where application instructions are received by the relevant cut-off time on a Dealing Day and accepted by Schroders, units will normally be allocated at the unit price calculated for that Dealing Day.

Where an application instruction is received after the relevant cut-off time on a Dealing Day, the instruction will be treated as being received on the following Dealing Day, unless otherwise determined by Schroders at its discretion.

The cut-off times may be changed by Schroders at its discretion without notice. Typically an earlier cut-off time will be adopted on days when financial markets have shortened trading hours.

Please note that when investing via mFund, any errors made on the application instruction, including missing or incorrect bank details, may result in the order being automatically rejected by the registry system. Any rejected orders will not be processed and will require resubmission.

### Investment of application monies

Schroders may invest the application monies accompanying an application for units (Application Amount) immediately upon receipt and acceptance of the application, even though the payment for the units (Investment) is not cleared.

If Schroders has invested the Application Amount and cleared funds are not received by Schroders within such period from receipt of the application as Schroders determines, then:

- any units that have been allocated to the applicant will be voided and treated as though they were never issued;
- Schroders may take such steps as it considers necessary or desirable to unwind the Investment; and
- the investor will be liable to Schroders on behalf of a Fund for all losses, costs, charges and expenses arising from, or incurred by a Fund, as a result of:
  - Schroders making and unwinding the Investment; and
  - Schroders not receiving the cleared funds from the investor on the date that Schroders made the Investment.

## Payment options

For applications made through administration platforms or mFunds, the payment options will depend on the requirements of the relevant administration platform or ASX broker.

For applications lodged directly with Schroders, there are three options for payment set out below. Please note that direct debit is not facilitated by Schroders as a payment option. In the case of applications for amounts in excess of \$5 million, payments should be paid by direct deposit via Real Time Gross Settlement (RTGS). Any other payment method for such large applications may delay processing of the application.

Please note that the beneficiary lodgement code set out in the table at the start of this document should be quoted on all payment methods.

### 1. Cheque payments

Please make cheques payable to: '**Schroder Applications Trust Account No.1**' and cross '**Not Negotiable**'.

Schroders will only accept cheques drawn from an Australian ADI.

Schroders will accept and process cheques received as cleared funds if received by 3pm Sydney time on a Dealing Day.

### 2. Direct deposit

Deposit application money directly into the following account:

<b>Name of bank:</b>	<b>JPMorgan Chase Bank N.A.</b>
<b>Branch:</b>	Sydney Australia
<b>Bank account name:</b>	Schroder Applications Trust Account No.1
<b>SWIFT:</b>	CHASAU2X
<b>BSB:</b>	212 200
<b>Account number:</b>	01003 6955

Where funds are electronically transferred or deposited directly to the bank account, details of the deposit should accompany the application form. Schroders will accept notice of electronic transfer of funds as if deposited and cleared.

Where cleared funds are not received by Schroders, units may at Schroders' discretion not be allocated and the investor may be liable for reasonable administrative and transaction costs incurred by Schroders or the relevant Fund and any tax payable.

Physical cash will not be accepted at any time.

### 3. BPAY®

For initial applications submitted via our Online Application Form and 'additional' applications, payment can be made via BPAY using your on-line banking facility. BPAY makes investing in our funds fast and easy as there is no need to send a paper instruction. For additional applications received by BPAY, we will issue units when the money is received from your nominated financial institution. There may be a delay between the BPAY instruction and they day the units are issued.

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## Discretion to reject applications

Schroders has absolute discretion to reject the application. Considerations which Schroders may take into account in exercising such discretion include, but are not limited to:

- ensuring the best interests of unitholders;
- ability to invest the application monies in an orderly fashion; and
- market closures or jurisdictional holidays, prevailing market conditions and suitability for investment.

Investors are strongly advised to contact Schroders at least 24 hours prior to lodging applications of significant value or to confirm whether an application amount will be considered to be significant by Schroders.

## Other things you should know

The money paid to acquire units, or additional units, in a Fund may be held by Schroders or its custodian in a trust account for the benefit of the applicant until Schroders issues units to the applicant. Any income attributable to that application money will not be payable to the applicant on money held prior to the issue of units or if the application money is returned to the applicant.

If you are investing in a Fund indirectly through an intermediate investment operator such as an IDPS, please discuss the application requirements with your intermediate investment operator.

**It is recommended that if a confirmation of investment has not been received within 5 Business Days, investors should contact Schroders.**

## Cooling-off period

A 14-day cooling-off period applies to investments in a Fund made by 'retail clients' as defined in the Corporations Act. As retail clients, your cooling-off period will begin when your transaction confirmation is received by you or on the 5th Business Day after units are issued (whichever is earlier) and will end on the 14th day after that date. The confirmation statement you receive on the initial application will state the date on which the units were issued.

During this 14-day period, retail clients have the right to cancel their initial investment by sending an authorised instruction to Schroders. The investor's initial investment will then be repaid after Schroders makes adjustments for changes in the value of the investment, reasonable administrative and transaction costs incurred by Schroders or a Fund and any tax payable. There may be capital gain/loss tax implications if you happen to receive more or less back than you originally invested.

The cooling-off period will end if and when an investor exercises their right to make an additional investment during the 14-day period. The cooling-off period does not apply in certain circumstances, such as where Schroders is required to suspend or freeze the withdrawal of units in accordance with the Constitution, the Corporations Act, or other anti-money laundering and counter-terrorism financing obligations, or where investments are made by wholesale clients.

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## 1.4 How to withdraw from a Fund

The minimum withdrawal amount is \$50,000 for the Professional Class and \$5,000 for the Wholesale Class of a Fund, unless the withdrawal relates to all the units held by that unitholder. Unitholders may request to withdraw some or all of their investment in a unit class of a Fund by sending a written authorised instruction to Schroders or, if the units are held via mFund, by placing a sell order with certain ASX brokers. Where payment instructions are not to a pre-nominated account, failure to provide the original withdrawal instruction to Schroders may cause delays in processing the instruction. Schroders does not accept instructions to pay to a third party and will not initiate payments to accounts with non-Australian ADIs unless otherwise agreed to by Schroders.

Please ensure that withdrawal requests are signed by the authorised signatories to the investment. In the case of a corporation, fund, trust, estate or where you are acting on behalf of another entity, written instructions must be signed by authorised signatories as previously advised to Schroders.

Schroders will normally pay withdrawal proceeds within 7 Business Days of accepting a valid withdrawal request. In accordance with the relevant Fund's Constitution, Schroders has up to 40 Business Days after the date on which the withdrawal request has been received in which to pay the withdrawal amount. However, it should be noted that, in accordance with the Constitution, the Corporations Act, or other anti-money laundering and counter-terrorism financing obligations, Schroders may suspend or freeze the withdrawal of units in a number of circumstances including where it is impractical to calculate the current unit value, due to, for instance, the closure of a securities exchange or as otherwise required by law. Withdrawal requests will generally be met from cash resources or by the disposal of investments in a Fund. Schroders may satisfy withdrawal requests by transfer of transferable investments to the unitholder ('in specie' transfer). If agreed to by Schroders and a unitholder, investments that relate to an 'in specie' transfer will be valued on the date units are cancelled. All costs including any applicable stamp duty and other taxes, incurred as a result of the transfer, will be payable by the unitholder.

Advance notice is required for all 'in specie' transfers.

If your investment account balance falls below the minimum balance of \$500,000 for a Professional Class Fund and \$20,000 for a Wholesale Class Fund as a result of transactions you have made or attempt to make on your investment account, Schroders may close your account, cancel your units and return the proceeds without the receiving a withdrawal request from you.

**It is recommended that if a confirmation of withdrawal has not been received within 5 Business Days, investors should contact Schroders.**

### Cut-off times

The cut-off time for Schroders is normally 3pm Sydney time on a Dealing Day, and 11.15am for transactions made via mFund. Please note that the cut-off times for other administration platforms or certain ASX brokers may be earlier than Schroders' normal cut-off times.

Withdrawal requests received by the relevant cut-off time on a Dealing Day and accepted by Schroders will normally be processed at the unit price calculated for that Business Day.

Where a withdrawal request is received after the relevant cut-off time on a Dealing Day, the withdrawal request will be treated as being received on the following Dealing Day, unless otherwise determined by Schroders at its discretion.

The cut-off times may be changed by Schroders at its discretion without notice. Typically an earlier cut-off time will be adopted on days when financial markets have shortened trading hours.

### Staggering of withdrawals

In the case of the Funds listed below, where Schroders believes it is in the best interests of unitholders, Schroders may satisfy a withdrawal request by staggering the withdrawal dates. This means that a withdrawal request may be processed progressively over a period of up to 40 Business Days (or such shorter period as outlined in the Constitution) at the withdrawal price calculated on the Business Day on which each partial withdrawal is processed.

Funds with the ability to effect 'staggering of withdrawals':

- Schroder Asia Pacific Fund
- Schroder Australian Equity Fund
- Schroder Equity Opportunities Fund
- Schroder Balanced Fund
- Schroder Fixed Income Fund
- Schroder Absolute Return Income Fund
- Schroder Global Core Fund
- Schroder Global Blend Fund (Hedged)
- Schroder Real Return CPI Plus 3.5% Fund
- Schroder QEP Emerging Markets Fund
- Schroder Global Recovery Fund

## 1.5 Non-dealing days

Schroders may take into consideration the impact that market closures will have on a Fund's ability to access investment markets, and may elect to designate such market closures as non-dealing days for certain Funds. Where Schroders designates a Business Day as a non-dealing day, instructions received on the non-dealing day will be treated as being received on the following Business Day. A list of the designated non-dealing days is published on the Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) and is regularly updated.



## 1.6 Terms and conditions of application and withdrawal

Units in a Fund will only be allocated following receipt and acceptance by Schroders of a completed application form, accompanying this PDS, plus any required documentation. Schroders has absolute discretion to accept or reject any application. Please refer to the 'How to invest in a Fund' section for further information on applications. Please note that Schroders may require additional information or documentation about the investor(s) in addition to those detailed in the application form before accepting any applications.

Withdrawal requests from a Fund will only be processed following receipt and acceptance by Schroders of a properly authorised instruction. Please refer to the 'How to withdraw from a Fund' section for further information.

### Conditions and acknowledgments

An investor agrees to be bound by the following terms and conditions:

#### 1. Facsimile and email terms and conditions

By sending a facsimile or email the investor accepts the following terms and conditions:

- The investor bears the risk that someone who knows their account details may send Schroders an instruction to apply or withdraw via facsimile or email. Any action taken by that person will be deemed to be taken by the investor. Schroders is not responsible to the investor for any fraudulently completed communications. Schroders will not compensate the investor for any losses.
- The investor bears the risk that the use of this arrangement may result in the duplication of instructions received by Schroders. Schroders will not compensate investors for any losses arising from the processing of duplicate instructions.
- The investor agrees to release, discharge and indemnify Schroders, and any other related or associated entities of Schroders, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement.
- Schroders will only act on a completed communication that has been received by Schroders. A facsimile transmission certificate from the investor's facsimile machine is not evidence that the investor's facsimile was received by Schroders. Schroders is not liable for any loss or delay resulting from the non-receipt of any transmission.
- Initial applications, instructions to change payment details or signatories received by facsimile or email by Schroders will not be accepted without prior agreement by Schroders.
- The investor bears the risk of delays in processing instructions if a facsimile is not sent to the applications/withdrawals facsimile number or an email to the wrong email address.
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice.

## 2. Signatories' terms and conditions

- If the application form is signed under power of attorney, the attorney declares that he/she has not received notice of revocation of that power. A certified copy of the power of attorney should be submitted unless it has been provided previously to Schroders.
- If investing as trustee on behalf of a superannuation fund or trust, the trustee confirms that they have the power and authority under the relevant trust deed to invest on behalf of the superannuation fund or trust.
- If investing on behalf of an unincorporated entity, the officer confirms that they have the power and authority under the relevant rules/Constitution to invest on behalf of the entity.
- In the case of joint applications, the investors agree to hold the units as joint tenants and acknowledge that, unless otherwise stated, either investor is able to operate the account, including making withdrawal requests and additional applications.
- If investing as a company/incorporated association, the investor confirms that they are officers of the company/incorporated association and that they have the authority to bind the company/incorporated association to the investment. If they are a sole signatory signing on behalf of a company, the investor confirms that they are signing as the sole director/secretary of the company.

## 3. Adviser/consultant and authorised signatories' terms and conditions

If the adviser/consultant or authorised signatories section of this application form has been completed, the investor confirms that the following terms and conditions will apply to the appointment (subject to applicable legal requirements).

- Schroders will only pay the investor. Payment to third parties is not permitted.
- Schroders may treat the exercise of any power by a person reasonably believed to be acting as an investor's adviser/consultant or authorised signatory as if the investor had personally exercised those powers. An investor cannot claim that their adviser/consultant or authorised signatory was not acting on their behalf until the arrangement is discontinued by written notice being received by Schroders.
- Schroders is authorised to disclose information about an investor's investment in a Fund to the investor's adviser/consultant or authorised personnel of the adviser/consultant.
- The investor's adviser/consultant or authorised signatory does not have the power to appoint another authorised signatory for an investor's investment. Only the investor has this power.
- The investor agrees to release, discharge and indemnify Schroders and any other related or associated entities of Schroders from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement or the appointment or exercise of powers by the adviser/consultant or authorised signatory.

- If the payment is made in accordance with the request or instructions of the adviser/consultant or authorised signatory, the investor shall have no claim against Schroders and any related or associated entities in relation to the payment.
- Any document or information required to be provided to the investor under any law that is given by Schroders to the adviser/consultant or authorised signatory, in accordance with the requests or instructions of the adviser/consultant or authorised signatory, shall be to the complete satisfaction of the obligation of Schroders, notwithstanding any fact or circumstance including that the document or information was requested, made or received without the investor's knowledge or authority.
- The investor is bound by the actions of the adviser/consultant or authorised signatory in relation to the operation of their investment in a Fund.
- A person who gives another person access to the application form must at the same time and by the same means give the other person access to the PDS and any supplementary document. While the PDS is current, Schroders will send paper copies of the PDS, any supplementary document and the application form on request without charge.
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice.

#### 4. AML/CTF acknowledgement

- By applying to invest in a Fund you warrant that:
- You comply and will continue to comply with applicable AML and CTF laws and regulations, including but not limited to the law and regulations of Australia in force from time to time (AML/CTF Law);
- You are not aware and have no reason to suspect that:
  - the monies used to fund your investment in a Fund have been or will be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement ('illegal activity'); or
  - proceeds of your investment in a Fund will be used to finance any illegal activities;
- You will provide us with all additional information and assistance that we may request in order for us to comply with any AML/CTF Law; and
- You are not a 'politically exposed' person or organisation for the purposes of any AML/CTF Law.

You acknowledge that Schroders may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms of this PDS or alter the arrangements in respect of a Fund, where Schroders is required to do so due to changes in AML/CTF law.

By applying to invest in a Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in a Fund, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any AML/CTF Law, and we will incur no liability to you if we do so. You further acknowledge that Schroders is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is Schroders obliged to provide you with its reasons for any such actions.

#### 5. Foreign Account Tax Compliance Act (FATCA) acknowledgement

Certain 'foreign financial institutions' (FFIs) are required to comply with FATCA. In order to avoid withholding tax of 30% on payments of US income or gross proceeds of the sale of certain US investments, the Funds as FFIs must comply with certain reporting requirements. These include the collection and reporting of certain information about US and US-owned investors to the US tax authorities. The Funds may request certain information from investors in the Funds to comply with each Fund's obligations under FATCA.

Schroders may be required to deduct and withhold tax from payments made to non-US investors in the Funds if the investors are FFIs and they fail to comply with the reporting requirements imposed under FATCA.

You acknowledge that where Schroders becomes aware at any time that units in a Fund are beneficially owned by a US person, a US owned non-US entity, a non-participating FFI or a person who fails to provide the requisite documentation in relation to its US tax status, Schroders may at its sole discretion compulsorily redeem those units.

In addition, you acknowledge that Schroders may, at its sole discretion compulsorily redeem units from an account to ensure that units are not acquired or held in violation of the terms and conditions of the PDS, in breach of the law or requirements of any country or government or regulatory authority or which might cause adverse taxation or other pecuniary consequences for a Fund including a requirement to register under the laws and regulations of any country or authority.

#### 6. Common Reporting Standard (CRS)

Australian financial institutions (AFIs) are required to comply with the Common Reporting Standard (CRS) from 1 July 2017. CRS provides a global standard for the collection of financial account information on account holders who are foreign tax residents. The Funds as AFIs must comply with the reporting requirements. As investors in the Funds, you are required to certify certain information about your tax residency status before we accept your application. Under CRS, we will be required to report details of foreign tax residents together with details of their investments to the Australian Taxation Office (ATO). The ATO may exchange financial account information with participating foreign jurisdictions.

You agree to provide all the necessary information and certification required by Schroders to meet our obligations under CRS.

## 1.7 Privacy

Schroders must comply with the Privacy Act. This Act generally regulates the collection, storage, quality, use and disclosure of personal information. Schroders may collect personal information from investors to provide its products and services. The Corporations Act and AML/CTF Act require Schroders to collect some personal information about you. In accordance with Schroders' Privacy Statement, in most cases, investors have rights to access their personal information. Schroders can use your personal information to assess your application for the investment product and, if you obtain the product, to manage that product. If you do not want us to use your personal information for direct marketing purposes please contact The Privacy Officer at the address set out below.

Schroders may disclose your personal information to anyone you have authorised or any adviser, consultant or dealer group advising you or acting on your behalf, government departments or agencies as well as any related entities of Schroders and anyone acting on Schroders and/or the adviser/consultant/dealer group's behalf such as external service suppliers who supply administrative, financial or other services to assist Schroders and/or the adviser/consultant/dealer group in providing financial services. If we are not able to collect all the personal information we require, we may not be able to assess your application for the investment product or manage the product. Schroders may be required to transfer your personal information to entities located outside of Australia including London, Luxembourg and Singapore where it may not receive the level of protection afforded under Australian law.

Please note that if you provide personal information to Schroders about another person, you warrant that you are authorised by that person to do so and that you have informed that person of the information in this Privacy section.

Enquiries regarding access to personal information must be in writing and addressed to:

**The Privacy Officer**  
**Schroder Investment Management Australia Limited**  
**GPO Box 5059**  
**Sydney NSW 2001**

Further information on how Schroders handles personal and sensitive information can be found in the Privacy Statement that is available on the Schroders website [www.schroders.com.au](http://www.schroders.com.au). The Privacy Statement also contains information about how you can access and correct the information about you held by Schroders as well as how complaints may be made and how they will be dealt with by Schroders.

## 2. Significant risks of investing in a Fund

### Investment risks

As highlighted in the PDS, the significant factors that may affect the performance or value of your investment include, but are not limited to:

#### Market risk

Market risk is the possibility that the market has negative returns over short or even extended periods. Different asset classes are exposed to different levels of market risk – for instance, cash investments have the lowest market risk whereas equities generally have higher market risks. The returns of individual securities in any asset sector would normally be determined by a combination of the market return and returns specific to each security. For a Fund that invests in more than one asset class, the level of market risk can vary from time to time subject to the allocation to each asset class at a particular point in time.

Market risk also relates to the risk that the value of investments can be directly or indirectly affected by changes in legislation, economic policy, political events, technology change and changes in global economic conditions (e.g. growth and inflation).

#### Equities risk

Over the longer term equities have generally outperformed other asset classes; however, returns can be volatile. Equity performance will generally be based on, amongst other things, the underlying strength of the cash flows, balance sheet and management of a company. Also affecting the performance of equity markets are changes in global economic conditions (e.g. growth and inflation), interest rates and bond yields.

#### Interest rate risk

The performance of fixed interest and debt securities will be sensitive to movements in domestic and international interest rates (e.g. increases in interest rates result in the capital value of fixed interest investments falling). Investments with longer terms and fixed coupon payments are more likely to be affected by interest rate changes than shorter term investments or floating rate securities.

#### Credit risk

Credit risk arises when an issuing entity defaults, which results in a loss of capital to a Fund. Investments in debt securities with a lower credit rating generally have a higher risk that the issuing entity will be unable to pay interest and principal when due.

Credit ratings are scales by which the future relative creditworthiness of a security is measured and express an opinion about the vulnerability of default. Credit ratings may be issued by an independent credit rating agency, or represent internal ratings prepared by Schroders. A change in a published credit rating can affect the price and liquidity of the security(ies) being re-rated.

Investors should not rely on credit ratings in making investment decisions or view them as assurances of credit quality or the likelihood of default.

## Company risk

An investment such as a share or corporate bond in any company is exposed to changes within that company, or to its business environment. These events include changes to operations and/or management, changes to product distribution, legal action against the company, or profit and loss announcements. These changes may affect the value of a Fund's investments (and thus the value of a Fund).

In addition, there is a risk that if the company becomes insolvent, a Fund's right of recovery against the assets of the company may rank lower than the secured creditors of the company.

## International investments risk

International investments will give exposure to potentially additional risks that are not typically associated with investments in Australia. International investments risk includes but is not limited to political and economic uncertainties, regulatory and legal risk, currency risk, interest rate risk and liquidity risk.

## Emerging Markets/Frontier Markets risk

Risks associated with investments in Emerging Markets/Frontier Markets include, but are not limited to, significantly greater price volatility than in developed markets, substantially less liquidity and significantly smaller market capitalisation of securities markets, more government intervention in the economy, higher rates of inflation, currency volatility, less government supervision and regulation of securities markets and participants in those markets and a higher degree of political uncertainty.

## Currency risk

Units in a Fund are denominated in Australian dollars. However, investments of a Fund may be denominated in other currencies. Movements in the exchange rate between the Australian Dollar and other currencies may cause the value of these investments to fluctuate when expressed in Australian Dollars. Currency risk is minimised to the extent that investments are currency hedged.

## Derivatives risk

Derivatives are contracts between two parties that usually derive their value from the price of an underlying physical asset or market index. They can be used to manage certain risks; however, they can create exposure to additional risks. These risks include the possibility that the derivative position is difficult or costly to reverse; that the value of the derivative does not move in line with the underlying physical position; or that the parties do not perform their obligations under the contract.

## Over the counter ("OTC") derivatives risk

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments and may be more exposed to default and counterparty risks. This, in turn, may expose a Fund to the risk that a counterparty will not settle a contract, causing that Fund to suffer a loss. In addition, the prices of such instruments may include an undisclosed dealer mark-up that a Fund may pay as part of the purchase price.

## Liquidity risk

Liquidity risk relates to the probability of loss arising from the difficulty of selling an investment due to insufficient buyers or sellers in the open market or other prevailing market conditions. The level of liquidity can fluctuate especially for smaller company shares, microcap stocks and lower quality corporate debt. At times of lower liquidity the securities may trade at a discount to fair value, reducing the net asset value of a Fund if securities in the Fund need to be sold to fund withdrawals.

## Counterparty risk

A Fund may conduct transactions through or with brokers, clearing houses, market counterparties and other agents. There is a risk that these counterparties fail to meet their contractual obligations resulting in loss of capital to a Fund.

If you invest via mFund, then you may be exposed to some additional counterparty risks. Losses can be incurred if a counterparty fails to deliver on its contractual obligations, experiences financial difficulty or abandons the mFund settlement service. In addition, there is some risk that the ASX may suspend or revoke the admission of the Fund to the mFund settlement service, that the ASX's systems could fail, or that there could be errors in connection with the system.

## Regulatory and legal risk

Governments or regulators may pass laws, create policy, or implement regulation that affects a Fund or its underlying investments or the manager's ability to execute its investment strategies. Such initiatives may affect either a specific transaction type or market, and may be either country specific or global and may include the imposition or tightening of exchange controls or other limitations on repatriation of foreign capital. Such changes may result in a Fund failing to achieve its investment objectives.

## Administration risk

Investors transacting through an administration platform carry the risk that the operator of the administration platform may not perform its obligations properly. In the case of administration platforms that facilitate straight through processing and settlement, systems could fail and errors, anomalies or irregularities may arise.

## Fund risk

The following risks are inherent in any managed fund:

- the investment team may change, which may affect a Fund's future performance;
- investing in a Fund may result in a different outcome to investing directly because of the application of tax laws to the Fund, income or capital gains accrued in the Fund, the deduction of management costs, and the impact of investments into and withdrawals out of the Fund by other investors;
- investments into and withdrawals out of the Fund by other investors may also affect the taxable income distributed to an investor during a financial year as those cash flows trigger asset purchases and sales;
- the costs of your investment may increase through an increase in fees and costs. If management fee changes occur, we will provide at least 30 days' prior written notice of any such changes (see 'Changing the fees' in the 'More detailed information about fees and costs' section of this document);
- a Fund may be terminated; and
- investing in a Fund with a smaller number of investments may lead to more volatile returns than investing in a Fund with a more diversified portfolio.

As stated above, as a result of these risks, the value of an investment in a Fund and the level of distributions may change.

## 3. More detailed information about fees and costs

The investment returns of a Fund will be impacted by the fees and expenses incurred. The formula below broadly outlines the management costs associated with your investment in a Fund. Further information on how management costs and transactional costs are calculated is set out below in this Section 3.

Management costs = management fee (includes normal expenses) + performance fee (if applicable) + indirect costs (excludes transaction costs) + abnormal costs (if incurred)

## Management costs

Management costs include the revenue collected by Schroders for its services as Responsible Entity in overseeing the operations of a Fund and/or for providing access to a Fund's underlying investments. This revenue comprises a management fee and performance fee (if any) and may also include reimbursement for normal expenses while acting as the Responsible Entity of a Fund (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns, etc.) which it is entitled to recover.

Management costs also comprise an indirect cost component, and are the additional fees or costs that you incur by investing in the Fund. Indirect costs are generally payable from the Fund's assets, rather than directly by you. Indirect costs do not include transaction costs.

The management costs of each Fund are set out in each individual PDS for the relevant Fund and in the table under the 'Management fees' section.

### 1. Management fees (includes normal expenses)

This is the fee for Schroders' services as Responsible Entity in overseeing the operations of the Fund and/or for providing access to the Fund's underlying investments. Schroders is entitled to management fees as set out in each individual PDS for the relevant Fund and these fees are calculated on the NAV of the Fund (inclusive of GST less any RITC entitlement). Schroders may rebate all or part of its management fees to 'wholesale clients' as defined in the Corporations Act on an individually negotiated basis. For further information, wholesale clients can contact Schroders at the address specified in the 'Contacting Schroders' section.

While Schroders is entitled to separately recover expenses from the assets of a Fund, Schroders has decided to pay normal expenses out of its management fee entitlement and will only be reimbursed out of the assets of a Fund where such expenses are abnormal expenses.

Other fees and costs may apply to the Fund. Unless otherwise agreed, Schroders may change the amount of any management fees in this PDS (including increasing fees up to the maximum set out in the Constitution) without your consent. Management fees disclosed in this PDS will not be changed without providing at least 30 days' advance notice to you.

While acting as the Responsible Entity of a Fund, Schroders may incur certain expenses such as fund accounting, unit registry, audit costs, postage and preparation of tax returns etc., which it is entitled to recover. Provided that the expenses are properly incurred, there is no limit on the amount of these expenses that may be recovered by Schroders from the assets of a Fund. Subject to the items outlined below, under 'Transaction costs', Schroders has decided to pay any normal expenses incurred in the administration of a Fund and will only be reimbursed out of the assets of a Fund where such expenses are abnormal expenses.

Each Fund's indirect costs are based on the financial year ending 30 June 2017, however actual indirect costs for future years may differ. Details of any future changes to indirect costs will be provided on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

## 2. Performance fees

Schroders is entitled to recover performance fees from the Schroder Equity Opportunities Fund. The performance fee is reflected in the daily unit price and paid annually (Payment Date) at a rate of 15.4% p.a. (inclusive of GST less any RITC entitlement), of the gross outperformance above 2% p.a. over the S&P/ASX 300 Accumulation Index.

Full details of how the fee is calculated are set out in the Constitution. As at the date of this PDS, no performance fee is being charged to any other Fund in this PDS.

Sometimes the calculation of the performance fee will result in a negative dollar amount (negative performance fee). This negative performance fee is offset against any entitlement to future performance fees. Schroders does not have to reimburse a Fund for negative performance fees. If the total accrued performance fee for a performance fee period is negative, the negative is carried over into the next performance fee period. Furthermore any negative performance fee will be reduced pro-rata with the percentage of any net outflow.

For periods of high outperformance, the performance fee may be substantial. We recommend you discuss this with your financial adviser to understand the impact of the performance fee.

We set out below an example of when a performance fee<sup>1</sup> may be payable for the Schroder Equity Opportunities Fund.

Example of performance fee Schroder Equity Opportunities Fund	Balance of \$50,000
The Fund has not outperformed the Index plus 2% before fees since the last Payment Date.	No performance fee is payable
The Fund outperformed the Index plus 2% before fees since the last Payment Date, but is insufficient to offset prior periods of negative performance fees.	No performance fee is payable
After allowing for any prior periods of negative performance fees, the Fund outperformed the Index plus 2% by 3% <sup>2</sup> before management fees since the last Payment Date.	$15.4\% \times 3\% \times \$50,000 = \$231$

<sup>1</sup> Where performance fees are applicable, it is not possible to reliably estimate the actual performance fee payable in any given period as we cannot accurately forecast what the performance of a Fund will be.

<sup>2</sup> For illustrative purposes Schroders has assumed 3% outperformance. The performance fee example is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. The actual level of outperformance can be higher or lower. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

Based on the current calculation methodology for the performance fee, Schroders has estimated that the typical ongoing performance fee payable per annum may be \$105 assuming an average account balance of \$50,000 during the year. Prior periods have been taken into account in calculating this estimate. However, this is not a forecast as the actual performance fee for the current and future financial years may differ. Schroders cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of the Fund will be, but it will be reflected in the management costs for the Fund for the relevant year. Information on current performance fees will be updated from time to time and available at [www.schroders.com.au](http://www.schroders.com.au).

## 3. Indirect costs

Indirect costs include any amount, not already disclosed as a fee or cost, that reduces (directly or indirectly) the performance return of a product. The management cost figure disclosed in the table of fees and costs of each Fund's PDS details the indirect costs incurred in connection with managing the underlying investment assets of the Fund based on the information for the period from 1 January 2017 to 31 December 2017. These indirect costs are reflected in the unit price of your investment in the Fund and include any underlying (indirect) management costs, underlying (indirect) performance-related fees and other indirect costs. The indirect costs may vary from year to year, including to the extent that they rely on estimates.

These indirect costs include:

- **Indirect management costs (any underlying funds):** Managers in underlying funds will typically charge management fees and these fees are deducted from the underlying funds and the impact is included as part of their unit price. Schroders will typically offset the management fees of investments in Schroders' own managed funds to ensure that they are not an additional cost to you.
- **Indirect performance-related fees (any underlying funds):** Managers in underlying funds, or whom we appoint to manage a portfolio of assets within a Fund, may also receive performance-related fees and if they apply they will reduce the unit price of the underlying fund. These indirect performance-related fees will be an indirect cost to you.
- **Other indirect costs:** In managing the assets of a Fund, Schroders may engage in trading activity in certain types of derivative financial products that are either not traded or listed on a recognised exchange and/or not used for hedging purposes but rather to gain or reduce market exposure (e.g. derivatives such as forwards, over-the-counter (OTC) options and swap arrangements). Engaging in trade activity of these types of products may give rise to other indirect costs.

Each Fund's indirect costs are based on the period from 1 January 2017 to 31 December 2017; however, actual indirect costs for future years may differ. Details of any future changes to indirect costs will be provided by Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

#### 4. Abnormal expense recoveries

Schroders may recover abnormal expenses (such as costs of unitholder meetings, changes to constitutions, and defending or pursuing legal proceedings) from a Fund. Abnormal expenses are not generally incurred during the day-to-day operation of a Fund and are not necessarily incurred in any given year. The management costs set out in the PDS for each Fund do not include any abnormal expenses. Schroders may, in its sole discretion, decide not to recover these abnormal expenses from a Fund.

#### Transaction costs

Total transaction costs – Buy/sell spread recovery =  
Other transaction costs

In managing the assets of a Fund, the Fund may incur transaction costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold. The costs of trading in OTC derivatives may also give rise to transaction costs. Transaction costs generally arise when the assets of a fund are changed in connection with day-to-day trading or when there are applications or redemptions which cause net cash flows into or out of a fund.

##### 1. Buy/sell spreads

Transactional costs that arise as a result of applications and redemptions will be recovered from the applicants and redeeming unitholders in the form of a 'buy spread' and a 'sell spread'. The buy/sell spread is an additional cost to you. Transaction costs such as bank charges, custody transaction costs and processing costs (for example, fees for filing tax reclaims) that cannot be reasonably incorporated into the buy/sell spread will be paid out of the assets of a Fund and are disclosed as part of 'Other transaction costs'.

The buy/sell spread is additional to other costs you incur such as management costs and abnormal expense recoveries. The buy/sell spread is the same for all unit classes of a Fund. The table that follows sets out the buy/sell spread for each Fund as at 1 May 2018.

The buy/sell spread is based on the transaction value. For example, if you made an application of \$50,000 into the Schroder QEP Emerging Markets Fund which has a buy spread of 0.35% on application, you would pay \$175 ( $\$50,000 \times 0.35\%$ ). This amount is retained by the Fund to cover transactional costs.

To obtain an indication of the current buy/sell spreads that may apply to an application or withdrawal from a Fund, please visit [www.schroders.com.au](http://www.schroders.com.au).

The buy/sell spread is not subject to GST. No part of the buy/sell spread is paid to Schroders – the amount is retained in the assets of a Fund to protect ongoing investors from the transaction activity driven by applications and withdrawals.

The size of the buy/sell spread may, subject to law, be varied from time to time without notice, to ensure that non-transacting investors are not adversely affected by applications or withdrawals made by other investors. For example, a different amount or estimate may apply when brokerage costs or the difference between the bid and offer prices for assets change. In stressed and dislocated market conditions, the buy/sell spread may increase significantly.

In addition, we may at our discretion adjust the buy/sell spread in certain situations such as when there is a simultaneous purchase and sale of units of equivalent value by different investors or an investor subscribes for assets (rather than cash) on an application or receives assets (rather than cash) on a withdrawal.

Reinvested distributions do not incur the buy/sell spread.

## Buy/sell spreads

Schroder Funds	Class of Fund	Transaction costs per transaction (%) 'buy/sell spread'
<b>Australian Equities</b>		
Schroder Australian Equity Fund	Professional Class	0.25% on application, 0.25% on withdrawal
Schroder Wholesale Australian Equity Fund	Wholesale Class	0.25% on application, 0.25% on withdrawal
Schroder Equity Opportunities Fund	Professional Class	0.30% on application, 0.30% on withdrawal
Schroder Equity Opportunities Fund	Wholesale Class	0.30% on application, 0.30% on withdrawal
<b>QEP Global Equities</b>		
Schroder Global Core Fund	Wholesale Class	0.15% on application, 0.10% on withdrawal
Schroder Global Value Fund	Wholesale Class	0.20% on application, 0.15% on withdrawal
Schroder Global Value Fund (Hedged)	Wholesale Class	0.23% on application, 0.18% on withdrawal
Schroder Global Quality Fund	Wholesale Class	0.00% on application, 0.00% on withdrawal
Schroder Global Blend Fund	Wholesale Class	0.20% on application, 0.15% on withdrawal
Schroder Global Blend Fund (Hedged)	Wholesale Class	0.23% on application, 0.18% on withdrawal
Schroder QEP Emerging Markets Fund	Wholesale Class	0.35% on application, 0.35% on withdrawal
<b>Fixed Income</b>		
Schroder Fixed Income Fund	Professional Class	0.12% on application, 0.12% on withdrawal
Schroder Fixed Income Fund	Wholesale Class	0.12% on application, 0.12% on withdrawal
Schroder Absolute Return Income Fund	Professional Class	0.20% on application, 0.20% on withdrawal
Schroder Absolute Return Income Fund	Wholesale Class	0.20% on application, 0.20% on withdrawal
<b>Multi-Asset</b>		
Schroder Real Return CPI Plus 5%	Professional Class	0.20% on application, 0.20% on withdrawal
Schroder Real Return CPI Plus 5%	Wholesale Class	0.20% on application, 0.20% on withdrawal
Schroder Real Return CPI Plus 3.5%	Wholesale Class	0.18% on application, 0.18% on withdrawal
Schroder Balanced Fund	Professional Class	0.22% on application, 0.22% on withdrawal
Schroder Balanced Fund	Wholesale Class	0.22% on application, 0.22% on withdrawal
<b>Regional and Overseas Equities</b>		
Schroder Asia Pacific Fund	Wholesale Class	0.35% on application, 0.35% on withdrawal
Schroder Global Emerging Markets Fund	Wholesale Class	0.35% on application, 0.35% on withdrawal
Schroder Global Recovery Fund	Professional Class	0.15% on application, 0.10% on withdrawal
Schroder Global Recovery Fund	Wholesale Class	0.15% on application, 0.10% on withdrawal



## 2. Other transaction costs

Transactional costs that are incurred other than in connection with applications and redemptions arise through the day-to-day trading of a Fund's assets and are reflected in the relevant Fund's unit price. As these costs are factored into the asset value of the relevant Fund's assets and reflected in the unit price, they are an additional implicit cost to you and are not a fee paid to Schroders as the Responsible Entity. These costs can arise as a result of bid-offer spreads being applied by trading counterparties to securities traded by the relevant Fund.

The table below sets out the other transaction costs which are not recovered through the buy/sell spread. Therefore, these costs are presented net of buy/sell spreads recovered as a percentage of the average fund size and are estimated based on the period from 1 January 2017 to 31 December 2017 (with the exception of the Schroder Global Recovery Fund).

Schroder Funds	Total Transaction costs*	Minus: Buy/sell spread recovery*	Equals: Other transaction costs*
<b>Australian Equities</b>			
Schroder Australian Equity Fund	0.16%	-0.09%	0.07%
Schroder Wholesale Australian Equity Fund	0.16%	-0.09%	0.07%
Schroder Equity Opportunities Fund	0.32%	-0.24%	0.08%
<b>QEP Global Equities</b>			
Schroder Global Core Fund	0.12%	-0.06%	0.06%
Schroder Global Value Fund	0.34%	-0.07%	0.27%
Schroder Global Value Fund (Hedged)	0.40%	-0.06%	0.34%
Schroder Global Quality Fund	0.26%	-0.00%	0.26%
Schroder Global Blend Fund	0.37%	-0.09%	0.28%
Schroder Global Blend Fund (Hedged)	0.42%	-0.03%	0.39%
Schroder QEP Emerging Markets Fund	0.48%	-0.05%	0.43%
<b>Fixed Income</b>			
Schroder Fixed Income Fund	0.12%	-0.06%	0.06%
Schroder Absolute Return Income Fund	0.24%	-0.08%	0.16%
<b>Multi-Asset</b>			
Schroder Real Return CPI Plus 5%	0.18%	-0.07%	0.11%
Schroder Real Return CPI Plus 3.5%	0.20%	-0.09%	0.11%
Schroder Balanced Fund	0.30%	-0.14%	0.16%
<b>Regional and Overseas Equities</b>			
Schroder Asia Pacific Fund	0.11%	-0.03%	0.08%
Schroder Global Emerging Markets Fund	0.30%	-0.09%	0.21%
Schroder Global Recovery Fund**	0.14%	-0.00%	0.14%

\*These costs are presented as a percentage of the average fund size and are estimated based on the period from 1 January 2017 to 31 December 2017.

\*\*As the Schroder Global Recovery Fund was established on 1 August 2017, these costs are based on amounts which Schroders has reasonably estimated will apply for the current financial year.

You can determine the dollar value of these costs over a 1-year period by multiplying the transaction cost rate with your average account balance. For example, the value of transaction costs on an average account balance of \$50,000 invested in the Schroder QEP Emerging Markets Fund is \$250 (being approximately 0.50% p.a.). However, such costs for future years may differ. Details of any future changes to such costs will be provided on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

### Costs of mFund and other broker assisted channels

Where a Fund is available for transactions via the mFund settlement service or other broker assisted channels and you access the Fund through these services, your broker may charge you an additional fee in connection with the transactions initiated through these services. Please consult your broker at the appropriate time and consider your broker's Financial Services Guide.

### Additional payments made by Schroders

Schroders may, subject to law and ASIC's 'Regulatory Guide 246: Conflicted Remuneration', make non-volume based Product Access Payments (flat dollar amounts) to IDPS operators who distribute a Fund on their investment menu. These payments may help to cover costs incurred in establishing and maintaining a Fund on those menus, and certain other marketing and distribution costs. If these types of payments are made, they are paid directly by Schroders and do not affect a Fund. Schroders will negotiate the amount of the Product Access Payment with each IDPS operator.

Subject to law, Schroders may also make Fund Manager Payments (rebates) to IDPS operators, dealer groups and financial advisers for their marketing support. We may also provide other types of non-monetary benefits such as technical support and sponsorship of professional development days. If these types of payments are made, they are paid directly by Schroders and do not affect any Fund, nor are they a further amount you pay.

As a member of the Financial Services Council, we are required to maintain a register in compliance with the Industry Code of Practice on Alternative Forms of Remuneration summarising alternative forms of remuneration that are paid or provided to financial advisers. If you would like to review this register, please contact Client Services on 1300 136 471.

### Other fees and charges

Where permissible, a Fund may in accordance with its investment guidelines hold investments in unlisted unit trusts or funds. Any associated management fee, administration and transaction costs within these investments are incorporated in the unit price of the investments and reflected in the valuation of the investments held by a Fund. Where a Fund invests in an underlying fund managed by an associated entity of Schroders any management fee or performance related fee payable will be offset by Schroders with an appropriate rebate. In addition, these investments may incur statutory charges and expenses. See above under 'Indirect costs' in relation to how fees and costs in relation to underlying funds are accounted for and disclosed in the PDS.

Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out. Indirect investors accessing a Fund through an IDPS may incur additional fees and costs. As well as reading this PDS, indirect investors should read their IDPS operator's offer document, which explains the fees payable by the indirect investor to the IDPS operator.

### Changing the fees

Schroders may change the amount of any management fees in the PDS (including increase fees up to the maximums set out in the Constitution) without your consent on 30 days' advance notice to you. In accordance with the Constitution and subject to law, Schroders may vary the amount of abnormal expense recoveries and the buy/sell spread at any time without your consent or notice.

Schroders may introduce and increase fees at its discretion, including where increased charges are due to government changes to legislation, increased costs, significant changes to economic conditions and/or the imposition of increased processing charges by third parties.

## Management fees

The maximum management fee for each Fund under the relevant Constitution is set out in the table below together with the current management fee charged.

Schroder Funds	Class of Fund	Maximum management fee (p.a.) excl of GST	Maximum management fee (p.a.) incl of GST net of RITC	Management fee (p.a.) currently charged incl of GST net of RITC
<b>Australian Equities</b>				
Schroder Australian Equity Fund	Professional Class	0.62%	0.64%	0.62%
Schroder Wholesale Australian Equity Fund	Wholesale Class	3.00%	3.08%	0.92%
Schroder Equity Opportunities Fund	Professional Class	5.00%	5.13%	0.62%
Schroder Equity Opportunities Fund	Wholesale Class	5.00%	5.13%	0.92%
<b>QEP Global Equities</b>				
Schroder Global Core Fund	Wholesale Class	3.50%	3.60%	0.40%
Schroder Global Value Fund	Wholesale Class	3.00%	3.08%	0.98%
Schroder Global Value Fund (Hedged)	Wholesale Class	3.00%	3.08%	0.98%
Schroder Global Quality Fund	Wholesale Class	5.00%	5.13%	0.98%
Schroder Global Blend Fund	Wholesale Class	5.00%	5.13%	0.98%
Schroder Global Blend Fund (Hedged)	Wholesale Class	5.00%	5.13%	0.98%
Schroder QEP Emerging Markets Fund	Wholesale Class	5.00%	5.13%	1.40%
<b>Fixed Income</b>				
Schroder Fixed Income Fund	Professional Class	3.50%	3.59%	0.28%
Schroder Fixed Income Fund	Wholesale Class	3.50%	3.59%	0.50%
Schroder Absolute Return Income Fund	Professional Class	3.00%	3.08%	0.54%
Schroder Absolute Return Income Fund	Wholesale Class	3.00%	3.08%	0.54%

Schroder Funds	Class of Fund	Maximum management fee (p.a.) excl of GST	Maximum management fee (p.a.) incl of GST net of RITC	Management fee (p.a.) currently charged incl of GST net of RITC
<b>Multi-Asset</b>				
Schroder Real Return CPI plus 5% Fund	Professional Class	5.00%	5.13%	0.60%
Schroder Real Return CPI plus 5% Fund	Wholesale Class	5.00%	5.13%	0.90%
Schroder Real Return CPI plus 3.5% Fund	Wholesale Class	5.00%	5.13%	0.60%
Schroder Balanced Fund	Professional Class	3.50%	3.59%	0.59%
Schroder Balanced Fund	Wholesale Class	3.50%	3.59%	0.90%
<b>Regional and Overseas Equities</b>				
Schroder Asia Pacific Fund	Wholesale Class	3.50%	3.59%	1.37%
Schroder Global Emerging Markets Fund	Wholesale Class	3.00%	3.08%	1.40%
Schroder Global Recovery Fund	Professional Class	5.00%	5.13%	0.80%
Schroder Global Recovery Fund	Wholesale Class	5.00%	5.13%	0.98%

Schroders cannot charge more than the maximum management fees set out in the table above per annum inclusive of GST net of reduced input tax credits as permitted under the Constitution of each Fund (otherwise we would need members' approval to increase the fee maximums in the Constitution of each Fund).

## Performance fees

The table below shows the Funds for which Schroders is entitled to charge a performance fee under each relevant Fund's Constitution. Details of the maximum rate p.a. under the Constitution (inclusive of GST less any RITC) and whether a performance fee is currently being charged are also provided.

Schroder Funds	Class of Fund	Maximum performance fee (p.a.) under the Constitution inclusive of GST less RITC	Performance fee (p.a.) currently charged (inclusive of GST less RITC)
<b>Australian Equities</b>			
Schroder Equity Opportunities Fund	Professional Class	33.80%	15.4% of gross outperformance above 2% p.a. (calculated daily) over the S&P/ASX 300 Accumulation Index Calculated daily.
Schroder Equity Opportunities Fund	Wholesale Class	33.80%	15.4% of gross outperformance above 2% p.a. (calculated daily) over the S&P/ASX 300 Accumulation Index calculated daily.
<b>QEP Global Equities</b>			
Schroder Global Blend Fund (Hedged)	Wholesale Class	33.80%	Nil
Schroder QEP Emerging Markets Fund	Wholesale Class	33.80%	Nil
<b>Multi-Asset</b>			
Schroder Real Return CPI plus 5% Fund	Professional Class	33.80%	Nil
Schroder Real Return CPI plus 5% Fund	Wholesale Class	33.80%	Nil

If charged, the performance fee is reflected in the daily unit price and paid annually.

## Establishment fee

Each Fund has a maximum entry fee of up to 5.00% of the application money for units or the market value of the property or any other lesser amount as agreed between the applicant and their adviser and notified to Schroders. This fee is not subject to GST. No establishment fees are currently charged.

## Withdrawal fee

Each Fund has a maximum withdrawal fee of up to 5.00% of the withdrawal price or such other amount as agreed between Schroders and the relevant unitholder. This fee is not subject to GST. No withdrawal fees are currently charged.

## Expense recovery fee

There is no limit under the Constitution for expenses incurred in relation to the proper performance of Schroders' duties.

## 4. Taxation

The Australian taxation information below is of a general nature only and does not take into account the specific circumstances of any unitholder. Schroders does not purport to offer any taxation advice. Each unitholder should obtain independent professional tax advice on the tax implications of their investments in the units of a Fund based on their own circumstances. The taxation information provided is based on current Australian law and may be subject to change.

The information below is based on a unitholder holding their units on capital account.

New Zealand investors should seek their own advice on the New Zealand law taxation implications of their investment.

### General taxation

The following comments apply to any Fund that is not an AMIT in a given year.

It is intended that Schroders, in its capacity as the Responsible Entity of a Fund, will not be liable to pay Australian income tax. Tax losses within a Fund cannot be claimed by unitholders and will be carried forward to be utilised by a Fund, subject to the tests for deductibility.

Unitholders will be presently entitled to all of the taxable income of a Fund each year. Under current tax law, unitholders will be liable to pay tax on their share of the taxable income of a Fund. The taxable income of the Fund may include capital gains. This will need to be taken into account by unitholders in calculating their net capital gain for a year. Unitholders may also be entitled to claim their share of any franking credits and foreign tax offset of a Fund.

A share of taxable income of a Fund will be included in a unitholder's assessable income for the relevant year, even if distributions are made in a subsequent year, reinvested in additional units or the actual distributions differ from the taxable amount.

Distributions to unitholders may include tax deferred amounts. These amounts are not immediately assessable when received by a unitholder but are applied to reduce the unitholder's CGT cost base in their units in a Fund, which will affect the calculation of any gain or loss on the ultimate disposal of their units. If the CGT cost base of units in a Fund is reduced to nil, any further tax deferred amounts received are assessable as capital gains to the unitholder.

CGT concession amounts paid by the Fund will not reduce the CGT cost base of the units held by investors.

On disposal of a unit in a Fund, income tax may be payable on any capital gain realised. Individuals, trusts, complying superannuation funds or life insurance companies may be entitled to discount their gain for tax purposes where the units have been held for more than 12 months. If units in a Fund are disposed of for a loss, a capital loss may arise which may be offset against capital gains in the current or subsequent income years.

### AMIT regime

A new taxation regime for managed investment trusts that qualify as an 'Attribution Managed Investment Trust' (the AMIT Rules) has become law. Each Fund can make an election to apply the AMIT Rules subject to the Fund meeting the eligibility criteria. Schroders has assessed that each Fund qualifies as an AMIT and has made an election to apply the AMIT Rules to each Fund from 1 July 2017.

Under the AMIT Rules, a Fund will be deemed to be a 'fixed trust' for taxation law purposes and can rely on specific legislative provisions to carry forward prior year taxable income adjustments (known as unders or overs) to subsequent years. In addition, a Fund's taxable income will be 'attributed' to investors.

Australian resident investors will be subject to tax on the income of a Fund which is 'attributed' to them under the AMIT Rules. The amount attributed to investors (and where relevant, its components) will be advised in an AMIT Member Annual Statement ('AMMA Statement'), similar to the annual tax statement that is currently provided to investors.

Under the AMIT Rules, an investor is entitled to increase the cost base of their units in a Fund if a Fund attributes amounts to the investor which are taxable or which are of a nature that would not deplete the cost base of the unit under the current law (such as CGT discount). Conversely, the payment of a cash distribution and attribution of tax offsets will reduce the cost base.

Investors who do not believe that the attribution of taxable income has been worked out on a fair and reasonable basis in accordance with the Fund's constitution can substitute the responsible entity's determination with their own. If you decide to take this course, it is important that you obtain professional tax and legal advice. You are required to contact Schroders in addition to notifying the Commissioner of Taxation.

### GST

References to GST in this Additional Information booklet and the PDS are to GST payable in Australia.

No GST should be payable on the acquisition, disposal, withdrawal or transfer of units in a Fund, nor on any income distributed in respect of the units held by a unitholder in a Fund.

GST may apply to fees and expenses charged to a Fund, and those fees and expenses plus any applicable GST may be recoverable from the assets of a Fund. However, depending on the nature of the fees and expenses, a Fund may be entitled to reduced input tax credits (RITCs) in respect of that GST.

The GST regulations were amended from 1 July 2012, which has the effect of increasing some fees. This is because under the changes 'recognised trust schemes' (which include the Funds) will only be eligible for a RITC of 55% of the GST it pays on acquisition of certain services rather than the prevailing rate of 75%.

Schroders advises that all fees and costs disclosed in this PDS inclusive of GST net of RITC have been calculated on a reasonable estimate of the RITC that a Fund is expected to be able to claim. Accordingly, the actual costs and expenses inclusive of GST net of RITC may be subject to change without prior notice due to a Fund's ability to claim RITC on the expenses incurred.

## Non-resident taxation

Deductions of Australian withholding tax and non-resident income tax may be made from distributions of Australian sourced taxable income for investors with an overseas address or for non-resident investors temporarily residing in Australia.

## Tax File Number

Australian resident investors may choose to provide a Tax File Number or an Australian Business Number (if investing in the course of an enterprise). If neither is quoted and no relevant exemption is provided, we are required to withhold tax from income distributions at the highest marginal tax rate plus the Medicare levy (currently 47%).

## 5. Other important information

### Custodian

Schroders has appointed JPMorgan Chase Bank N.A. (Sydney Branch) (JPMorgan) to hold each Fund's assets. We will pay JPMorgan a fee for acting as a Fund's custodian. This fee is not an additional fee to you and is included in the management costs described in the PDS.

In its role as custodian, JPMorgan as the global custodian safekeeps assets of the Funds. The role of the custodian is limited to holding assets of the Funds and it has no supervisory role in relation to the operation of the Funds. The custodian does not make investment decisions in respect of the assets held or manage those assets, and has no liability or responsibility to investors in the Funds. Additionally, the custodian is a paid service provider and is not responsible for the preparation of this document and therefore accepts no responsibility for any information in this document.

The custodian may be changed from time to time and we may change the custodian where we are satisfied that the proposed new custodian meets applicable regulatory requirements. You will not be notified of a change in custodian.

### Related party transactions

Schroder Investment Management Australia Limited is a wholly owned subsidiary of Schroders plc and part of the Schroders Group. For these purposes, a related party includes certain entities and individuals that have a close relationship with Schroders including, but not limited to, Schroders plc itself, other subsidiaries of Schroders plc and other funds operated or managed by members of the Schroders Group.

We may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. We may also enter into financial or other transactions with related parties in relation to the assets of a Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

In the course of managing a Fund we may come across conflicts in relation to our duties to a Fund, related funds and our own interests. We have internal policies and procedures in place to manage all conflicts of interest appropriately. These policies and procedures will be reviewed on a regular basis and may change from time to time. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

## Warning statement for New Zealand investors

If you are a New Zealand investor we are required to provide the following warning statement to you under New Zealand law.

### Warning Statement

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

### Currency exchange risk

1. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

### Dispute resolution process

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

## 6. Glossary

<b>\$</b>	means Australian dollars.
<b>Absolute Return</b>	means the return that an asset or strategy achieves over a period of time without reference to any other measure or benchmark.
<b>ADI</b>	means an Authorised Deposit-taking Institution.
<b>AML/CTF Law</b>	means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) as amended from time to time.
<b>ASIC</b>	means the Australian Securities and Investments Commission or, if it ceases to exist, any regulatory body or authority as then serves substantially the same objects.
<b>ASX</b>	means the ASX Limited, the operator of the Australian Securities Exchange.
<b>Business Day</b>	means any day excluding a Saturday or Sunday on which banks are open for business in Sydney.
<b>Constitution</b>	means the constitution of the relevant Fund as amended or replaced from time to time.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) as amended from time to time.
<b>Dealing Day</b>	means a Business Day that has not been designated a 'non-dealing day' in accordance with section 1.5.
<b>Emerging Markets</b>	means developing countries around the world that are characterised by a stronger growth potential than mature economies. The investable universe of Emerging Markets is commonly defined by, but not limited to, the MSCI Emerging Markets Index.
<b>FATCA</b>	means the Foreign Account Tax Compliance Act enacted by the United States that imposes obligations including the collection and reporting of certain information about US and US-owned investors to the US tax authorities.
<b>Frontier Markets</b>	means frontier countries that are defined by, but not limited to, the MSCI Frontier Markets Index.
<b>Fund</b>	means the relevant fund as set out in the table on pages 1 and 2, which are registered managed investment schemes under the Corporations Act.
<b>Growth</b>	means Growth investing, which is a style of investing that focuses on stocks exhibiting strong earnings expansion and high profit expectations, regardless of their valuation.
<b>GST</b>	means any goods and services tax, consumption tax, value-added tax or similar impost or duty that is or may be levied or becomes payable in connection with the supply of goods or services.
<b>IDPS</b>	means Investor Directed Portfolio Services.
<b>Market Capitalisation</b>	means the total market value of the issued shares of a publicly traded company.
<b>mFund</b>	means the mFund Settlement Service offered by ASX.
<b>NAV or Net Asset Value</b>	means the total assets minus the total liabilities of the relevant Fund, units or portfolio in question, as determined in accordance with the Constitution.



<b>Privacy Act</b>	means the Privacy Act 1988 (Cth) as amended from time to time.
<b>QEP</b>	means Schroders' Quantitative Equities Products investment team.
<b>Quality</b>	means Quality investing, which is a style of investing that seeks to focus on quality companies with stable growth that are financially strong.
<b>Responsible Entity</b>	has the meaning defined in the Corporations Act. The Responsible Entity of the Fund is Schroder Investment Management Australia Limited.
<b>RITC</b>	means a 'reduced input tax credit' as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) as amended from time to time.
<b>Value</b>	means Value investing, which is a style of investing that focuses on companies whose shares appear underpriced; these may include shares that are trading at, for example, high dividend yields or low price-to-earning or price-to-book ratios.

## 7. Contacting Schroders

### **Schroder Investment Management**

Australia Limited  
(ABN 22 000 443 274)  
(AFSL No: 226 473)

### **Registered office**

Level 20, Angel Place  
123 Pitt Street  
Sydney NSW 2000

### **Schroders unit registry**

C/o Link Market Services  
PO Box 3721  
Rhodes NSW 2138

### **Website**

[www.schroders.com.au](http://www.schroders.com.au)

### **Email**

[info.au@schroders.com](mailto:info.au@schroders.com)

### **Client services telephone**

(+61) 1300 136 471

### **General enquiries telephone**

(+612) 9210 9200

### **Applications/withdrawals**

Attention: Schroders Unit Registry  
C/o Link Market Services  
Fax: (+612) 9287 0369  
Email: [schroders@linkmarketservices.com.au](mailto:schroders@linkmarketservices.com.au)

# Schroders

## Schroder Absolute Return Income Fund Professional Class

### Product Disclosure Statement Issued: 1 May 2018

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#### Contact details

Schroder Investment Management  
Australia Limited  
(ABN 22 000 443 274)  
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#### Registered office

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#### Email

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#### Client services telephone

(+61) 1300 136 471

#### General enquiries telephone

(+612) 9210 9200

#### Important information

This Product Disclosure Statement (PDS) is a summary of significant information relating to the Professional Class of the Schroder Absolute Return Income Fund (the Fund) (ARSN 092 060 172, APIR SCH0024AU). Within this document there are also a number of references to additional, important information (which form part of the PDS) that are marked with a ✓. You should consider all of this information before making a decision to invest in the Fund. You can download a copy of the PDS and the 'Additional Information to the PDS' from Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling us on (+61) 1300 136 471.

The information contained in this PDS is general information only and does not take into account your personal financial situation or needs. You should seek financial advice tailored to your personal circumstances.

Neither the Fund, Schroder Investment Management Australia Limited (Schroders), nor any of their related bodies corporate or associates, guarantees in any way the performance of the Fund, repayment of the capital from the Fund, any particular return from, or any increase in the value of the Fund.

#### Up to date information

Certain information in this PDS may change from time to time. This includes, but is not limited to, potential changes that we have identified. Where we indicate to you that we will give notice of such changes, or where the updated information includes no materially adverse information, we will publish the updated information on our website [www.schroders.com.au](http://www.schroders.com.au). A copy of the updated information will be available free of charge upon request by contacting Schroders.

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1. About Schroders
2. How the Schroder Absolute Return Income Fund works
3. Benefits of investing in the Schroder Absolute Return Income Fund
4. Risks of managed investment schemes
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6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply
9. Other information

## 1. About Schroders

Schroders is the Responsible Entity for the Fund and the issuer of this PDS. As Responsible Entity, Schroders is responsible for selecting and managing the assets and overseeing the operations of the Fund. This responsibility includes establishing, implementing and monitoring the Fund's investment objective.

Schroders offers a range of investment products and is part of the Schroders Group. The Schroders Group is one of the largest independent investment managers providing investment management services from offices in 27 countries. While many financial institutions try to provide all things to their clients, we specialise in just one – pure investment management.

In Australia, Schroders is a wholly owned subsidiary of Schroders plc, a publicly listed UK company with origins in banking and finance dating back over 200 years. Financial services has been a core business for Schroders in Australia since 1961. For further information, please visit our website [www.schroders.com.au](http://www.schroders.com.au).

### Why Schroders?

- Organisational stability from a strong balance sheet, low levels of debt and majority family and staff ownership
- Independence and exclusive focus on asset management aligns our interests with our clients
- Size and experience of investment teams both locally and globally
- Commitment to in-house research
- Global perspective
- Disciplined and robust investment process.

## 2. How the Schroder Absolute Return Income Fund works

### Pooled investment

The Fund is a registered managed investment scheme. When you invest your money in the Fund, we pool your money together with other investors' money. This pool is used to buy investments that are managed on behalf of all investors in the Fund.

### Units in the Fund

We divide the total value of the assets held in the Fund into units and calculate prices for each unit based on the value of the underlying assets in the relevant class. Each unit carries equal beneficial interest in the Fund as a whole but not in any particular assets. We also maintain a record of the number of units acquired. You can increase your units by reinvesting distributions or making an additional investment, or decrease your units by making a withdrawal.

Generally, unit prices are calculated each Business Day for the preceding Business Day in Sydney. The unit price will change as the market value of assets in the Fund rises or falls. Entry prices are generally higher than exit prices due to the costs of buying and selling the underlying assets in the Fund. The cost associated with buying and selling the underlying assets is called the buy-sell spread. The unit price also reflects the impact of fees charged for investing in the Fund.

### Minimum investment amounts

The minimum initial investment amount is \$500,000 and the minimum additional investment amount is \$50,000.

### How to withdraw

Unitholders may request to withdraw some or all of their investment in the Fund by sending written notification or completing a withdrawal form that can be downloaded from [www.schroders.com.au](http://www.schroders.com.au).

The minimum withdrawal amount is \$50,000, unless the withdrawal relates to all the units held by that unitholder. Withdrawals are subject to cut-off times which are detailed in section 1.4 of the 'Additional Information to the PDS'.

Where payment instructions are not to a pre-nominated account, failure to provide the original withdrawal instruction to Schroders may cause delays in processing the instruction. Schroders does not accept instructions to pay a third party and will not initiate payments to accounts with non-Australian Authorised Deposit-taking Institutions (ADIs) unless otherwise agreed by Schroders.

In some circumstances, such as a freeze on withdrawals, unitholders may not be able to withdraw their funds within the usual withdrawal periods.

✓ You should read the important information on how to invest in and withdraw from the Fund before making a decision. Go to sections 1.3 to 1.6 of the 'Additional Information to the PDS' which you can access on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling Schroders on (+61) 1300 136 471.

The material about the significant features of the Fund may change between the time when you read this PDS and the day when you acquire the product.

## Distributions

Distributions are normally determined monthly by Schroders. Cash distributions are calculated based on the Fund's distributable income at the end of the distribution period as determined by the Responsible Entity in accordance with the Fund's Constitution divided by the number of units on issue. All taxable income will be attributed to unitholders each year in accordance with the applicable tax laws. A unitholder can elect to have their distributions:

- reinvested in units. There is no buy/sell spread associated with reinvestment of distributions; or
- paid to the unitholder's pre-nominated bank account with an Australian ADI or a non-Australian ADI as agreed by Schroders.

## Indirect investors

Schroders authorises the use of this PDS by clients or prospective clients of intermediate investment operators such as Investor Directed Portfolio Services (IDPS), nominee or custody services or IDPS-like services provided through a registered managed investment scheme. This PDS may be used to give the relevant operator of an intermediate investment a direction to invest in the Fund. In doing so, clients of the intermediate investment operator become indirect investors in the Fund. This is because they are not unitholders in the Fund, rather the operator of the intermediate investment can exercise rights, or decline to exercise rights, such as attend and vote at unitholders' meetings, on behalf of indirect investors. Certain provisions of the Fund's Constitution (such as provisions relating to the rights of unitholders, applications for units and withdrawals and meetings of unitholders) are not relevant to indirect investors. Indirect investors should ignore certain information in this PDS that is relevant only for direct investors, for example:

- **Applications/Withdrawals:** The offer document from your intermediate investment operator will outline the procedure for your investment in, or withdrawal of units from, the Fund.
- **Cooling-off period:** Cooling-off rights applicable to direct investors in the Fund do not apply to clients of the intermediate investment operator. You should contact the operator of the intermediate investment to determine what cooling-off rights you may have.
- **Distributions:** Distributions you receive as an investor may differ from those referred to in this PDS.
- **Fees and expenses:** The fees and charges that may apply may differ from those referred to in this PDS.
- **Taxation:** The taxation implications for investors depend upon the nature of your intermediate investment. If you are uncertain as to the taxation consequences of your investment in the Fund you should seek independent taxation advice.

Indirect investors should also read this PDS together with any disclosure documentation from their intermediate investment operator. Schroders will promptly notify the relevant operator of an intermediate investment that is investing in the Fund when this PDS is amended. If you are investing through an indirect intermediate investment operator, such as an IDPS, enquiries and complaints for indirect investors may be directed to Schroders.

# 3. Benefits of investing in the Schroder Absolute Return Income Fund

## Significant features

The Schroder Absolute Return Income Fund is an absolute return focused strategy that invests in Australian and international fixed income securities that aims to deliver regular income to investors. With a focus on managing downside risks it aims to outperform cash and term deposits over the medium term, but with less volatility than equity markets and aims to avoid negative returns over any rolling 12-month period. The Fund may also use derivatives and active currency management to help achieve this investment objective.

## Significant benefits

The benefits of investing in the Fund include:

- Actively managed absolute return debt strategy offering income, risk control and liquidity
- Flexibility to invest across the fixed income universe, unconstrained by benchmarks, to seek return and control risk
- Full application of investment capabilities including asset allocation, credit sector selection, security selection, and risk management, overlaid with management of interest rate risk
- Strong research commitment with the Schroders Credit Research team performing fundamental analysis of corporates in Australia and globally
- Experienced and dedicated investment team with clear accountability that is well integrated into the broader Schroders' global fixed income team. This delivers global insight, research and implementation in key regions and asset classes.

✓ You should read the important information about the significant features of the Fund before making a decision. Go to section 1 of the 'Additional Information to the PDS' which you can access on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling Schroders on (+61) 1300 136 471.

The material about the significant features of the Fund may change between the time when you read this PDS and the day when you acquire the product.

## 4. Risks of managed investment schemes

The nature of investment markets is such that all investments carry risk and different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

The level of risk you are willing to expose your investments to will vary depending on a range of factors including your age, your investment timeframe, your other investments and your risk tolerance. The value of your investment and the returns from your investment will vary over time. Future returns may differ from past returns, the level of returns on investments will vary and returns are not guaranteed. This means you may lose some of the value of your investment.

The significant factors that may affect the performance or value of your investment include, but are not limited to:

- **Market risk:** includes the risk of volatility and negative returns arising from investment markets
- **Interest rate risk:** includes the risk of adverse changes in security prices as a result of interest rate movements
- **Credit risk:** includes the risk of an issuing entity defaulting on its obligation to pay interest and principal when due
- **Company risk:** includes the risk of adverse changes to a company or its business environment
- **International investments risk:** includes the risk that international political, economic or currency events negatively affect the value of investments
- **Emerging Markets/Frontier Markets risk:** includes the risk of significantly higher price volatility, less liquidity and greater political risk than in developed markets
- **Currency risk:** includes the risk that foreign currency fluctuations may negatively affect the value of investments
- **Derivatives risk:** includes the risk that a counterparty defaults or losses are magnified through investing in derivative contracts
- **Liquidity risk:** includes the risk that assets may not be converted to cash in a timely manner
- **Counterparty risk:** includes the risk that counterparties fail to meet their contractual obligations
- **Regulatory and legal risk:** includes the risk that governments or regulators may pass laws, create policy, or implement regulation that affects a fund
- **Administration risk:** includes the risk that administration platforms may not perform their obligations properly
- **Fund risk:** includes the risk of changes to the investment team, fees and costs and the termination of a fund.

✓ You should read the important information about the significant risks of investing in the Fund, including further information about investment risks, before making a decision. Go to section 2 of the 'Additional Information to the PDS' which you can access on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling Schroders on (+61) 1300 136 471.

The material about the significant risks of investing in the Fund may change between the time when you read this PDS and the day when you acquire the product.

## 5. How we invest your money

### Warning

You should consider the likely investment return, the investment risk and your investment timeframe when considering whether to invest in the Fund.

<b>Fund description</b>	The Schroder Absolute Return Income Fund is an active absolute return strategy that invests in a range of domestic and international fixed income securities. The Fund invests primarily in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by corporates, governments, government agencies, supra-nationals as well as securitised credit such as asset and mortgage backed securities. The full spectrum of available securities, including non-investment grade, may be utilised. With a focus on managing downside risk, the Fund has the flexibility to invest in cash and other debt securities (such as government bonds) to help preserve capital during downturns in the credit cycle. In adopting an absolute return approach, the most critical element of the investment process is to identify which assets to own and when to own them. This is then complemented by extensive credit research and expertise in individual credit selection. The Fund may also use derivatives and active currency management as part of the overall investment strategy to create a well-diversified portfolio with the potential to deliver consistent returns above cash and term deposits but with less risk and volatility than the equity market.													
<b>Investment return objective</b>	To outperform the RBA Cash Rate after fees over the medium term while aiming to avoid negative returns over any rolling 12-month period.													
<b>Suitability and risk</b>	For investors who seek steady distributions from a portfolio of income generating securities and returns in excess of cash over the medium to long term with a focus on capital preservation.													
<b>Time horizon</b>	At least 3 years.													
<b>Asset classes and investment ranges</b>	<table border="1"> <thead> <tr> <th>Asset classes</th> <th>Investment ranges</th> </tr> </thead> <tbody> <tr> <td>Australian investment grade</td> <td>0% - 100%</td> </tr> <tr> <td>International investment grade</td> <td>0% - 100%</td> </tr> <tr> <td>Australian high yield*</td> <td>0% - 40%</td> </tr> <tr> <td>International high yield*</td> <td>0% - 30%</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>0% - 100%</td> </tr> </tbody> </table>	Asset classes	Investment ranges	Australian investment grade	0% - 100%	International investment grade	0% - 100%	Australian high yield*	0% - 40%	International high yield*	0% - 30%	Cash and cash equivalents	0% - 100%	*Maximum aggregate exposure to high yield assets will not exceed 50%.
Asset classes	Investment ranges													
Australian investment grade	0% - 100%													
International investment grade	0% - 100%													
Australian high yield*	0% - 40%													
International high yield*	0% - 30%													
Cash and cash equivalents	0% - 100%													
<b>Labour standards and environmental, social and ethical considerations</b>	Schroders uses an investment approach that considers each investment based on its individual merits. Schroders may have regard to labour standards or environmental, social and ethical considerations in relation to investment decision making subject to economic and financial outcomes. From time to time, Schroders may exclude certain securities from the Fund's investment portfolio having regard to these matters as well as regulatory considerations and the risks these pose for unitholders. A list of securities excluded having regard to these considerations can be viewed at <a href="http://www.schroders.com.au">www.schroders.com.au</a> .													
<b>Changes to the Fund</b>	In order to meet the Fund's investment objectives, asset classes and investment ranges may be changed from time to time. We will give unitholders written notice of any material variation which we believe they would not have reasonably expected.													

## 6. Fees and costs

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The table below shows the fees and other costs that you may be charged for investing into the Fund. These fees and costs may be paid directly from your account, from the investment returns or from the Fund assets as a whole. The information in the table may be used to compare the costs of this product with other simple managed investment schemes.

Type of fee or cost*	Amount
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	<p>Management fee to Schroders of 0.54% p.a. of the Net Asset Value (NAV) of the Fund.</p> <p>Indirect costs of 0%** of the Net Asset Value (NAV) of the Fund.</p> <p>The management costs comprise the management fee (which covers normal expenses, since these are paid for out of the management fee) and indirect costs. As Schroders has decided to pay normal expenses out of its management fee entitlement, it will only be reimbursed out of the assets of the Fund where the expenses are abnormal expenses such as the cost of unitholder meetings. Abnormal expenses are not generally incurred during the day-to-day operations of the Fund.</p>

\*For certain wholesale clients (as defined in the Corporations Act), Schroders may, at its discretion and in accordance with ASIC Policy and the Corporations Act, negotiate, rebate or waive all or part of Schroders' fees. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS'. Unless otherwise stated, all fees and costs are quoted inclusive of any GST and net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund. Where RITCs are available, the prescribed rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. Adviser fees may also apply. See below for more details. Please refer to section 3, 'More detailed information about fees and costs' in the 'Additional Information to the PDS'.

\*\*The indirect costs are calculated and incorporate estimated amounts with reference to the relevant costs incurred during the period 1 January 2017 to 31 December 2017.

## Additional explanation of fees and costs

### Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products. This example is illustrative only and fees may vary for your actual investment.

Example	Balance of \$500,000 with a contribution of \$50,000 during year	
Contribution fees	Nil	For every additional \$50,000 you put in, you will be charged \$0.
<b>PLUS</b> Management costs comprising:	<b>0.54% p.a.</b>	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$2,700 each year.
Management fee to Schroders	0.54% p.a.	
Indirect costs	0%	
<b>EQUALS</b> Cost of Fund		<p>If you had an investment of \$500,000 at the beginning of the year and you put in an additional \$50,000 during that year you would be charged fees of <b>\$2,700</b><sup>1</sup>.</p> <p><b>What it costs you will depend on the fees you negotiate</b></p>

<sup>1</sup>Additional fees may apply. This amount excludes fees for an additional contribution of \$50,000 during the year. Please note that the minimum initial investment for the Fund is \$500,000, and the minimum additional investment is \$50,000. This example does not take into account the buy/sell spread nor any abnormal expense recoveries. We have assumed a constant value of \$500,000 throughout the year.



## Management costs

Management costs comprise the fees or costs (including indirect costs) that you incur by investing in the Fund.

The management fee is the fee for Schroders' services as Responsible Entity in overseeing the operations of the Fund and/or for providing access to the Fund's underlying investments. Schroders is entitled to management fees as set out in the above table calculated on the NAV of the Fund (inclusive of GST less any RITC entitlement). Management fees are calculated and accrue daily and generally paid in arrears. Schroders may rebate all or part of its management fees to 'wholesale clients' as defined in the Corporations Act on an individually negotiated basis. For further information, wholesale clients can contact Schroders.

Indirect costs are generally payable from the Fund's assets rather than directly by you. Indirect costs do not include transaction costs.

Other fees and costs may apply to the Fund. Unless otherwise agreed, Schroders may change the amount of any fees in this PDS (including increasing fees up to the maximum set out in the Constitution) without your consent. The management fee disclosed in this PDS will not be changed without providing at least 30 days' advance notice to you. For information on tax please see Section 7 of this PDS below.

## ASIC fee calculator

To calculate the effect of fees and costs on your account balance, you can use the calculator provided by ASIC at [www.moneysmart.gov.au](http://www.moneysmart.gov.au).

✓ You should read the important information about fees and costs before making a decision. Go to section 3 of the 'Additional Information to the PDS', which you can access on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling Schroders on (+61) 1300 136 471.

The material relating to more detailed information about fees and costs may change between the time when you read this PDS and the day when you acquire the product.

## 7. How managed investment schemes are taxed

### Warning

Investing in a registered managed investment scheme is likely to have tax consequences and unitholders are strongly advised to seek professional tax advice.

Registered managed investment schemes do not pay tax on behalf of unitholders. Unitholders are assessed for tax on any income and capital gains generated by the Fund.

Unitholders should obtain independent professional tax advice about their individual circumstances as the taxation implications of investing in the Fund will vary depending on their individual circumstances.

✓ You should read the important information about 'How managed investment schemes are taxed' before making a decision. Go to section 4 of the 'Additional Information to the PDS', which you can access on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or request a copy free of charge by calling Schroders on (+61) 1300 136 471.

The material relating to more detailed information about how managed investment schemes are taxed may change between the time when you read this PDS and the day when you acquire the product.

## 8. How to apply

If you would like to invest in the Fund, please complete the application form accompanying this PDS. By signing the form you are confirming that you have received this PDS and had an opportunity to read it.

You may make additional investments in the Fund via BPAY® or by forwarding payment in accordance with the payment options set out in this PDS, together with either a current application form or written notice. A written notice must include details of the investor's name, address, contact telephone number, investor code number, payment method and application details. Such written notice must be duly authorised by the investor(s). Applications are subject to cut-off times that are detailed in section 1.3 of the 'Additional Information to the PDS'. Where a valid application instruction is received and accepted by the cut-off time on a Dealing Day, units will be allocated at the unit price calculated for that Dealing Day. Where cleared funds are not received, units will not be allocated and the investor may be liable for reasonable administrative and associated costs incurred and any tax payable. For additional applications received by BPAY, we will issue units when the money is received from your nominated financial institution. This means units may not be issued on the day of your BPAY instruction if there are delays in receiving the application money.

®Registered to BPAY Pty Ltd ABN 69 079 137 518

## Payment options

Please refer to the payment options as set out in the 'Additional Information to the PDS'. In the case of applications for amounts in excess of \$5 million, application funds should be made by direct deposit via Real Time Gross Settlement (RTGS). Any other payment method for such large applications may delay processing of the application.

## Cooling off

A 14-day cooling-off period applies to investments made directly by retail investors in the Fund. Your cooling-off period will begin when your transaction confirmation is received by you or on the 5th Business Day after units are issued (whichever is earlier) and will end on the 14th day after that date. The confirmation statement you receive on the initial application will state the date on which the units were issued. During this 14-day period, you may cancel your initial investment by sending an authorised instruction to Schroders. Your initial investment will then be repaid after adjustments are made for changes in the value of the investment, reasonable administrative and transaction costs incurred by the Fund and any tax payable. The cooling-off period will end if and when you make an additional investment during the 14-day period.

## Dealing with complaints

Schroders has procedures in place for dealing with complaints. Unitholders with enquiries should contact Schroders. Notification of any complaint should be made in writing addressed to:

**Client Services Manager**  
**Schroder Investment Management Australia Limited**  
**GPO Box 5059**  
**Sydney NSW 2001**

We will seek to acknowledge receipt of your complaint in writing as soon as reasonably practicable and in any event within 14 days from receipt, and address your complaint within 45 days. If Schroders has not addressed your complaint, or if you are not satisfied, you can refer your complaint to the independent complaints resolution body, Financial Ombudsman Service Limited, ABN 67 131 124 448 (FOS), of which Schroders is a member. Legislation has been passed to establish the Australian Financial Complaints Authority (AFCA) as the dispute resolution scheme that will replace FOS.

Claims determined by FOS are subject to maximum limits on the total value of the remedy that can be awarded. Please see the terms of reference for FOS as approved by ASIC which can be found at [www.fos.org.au](http://www.fos.org.au). If your complaint remains unresolved you may contact FOS at GPO Box 3, Melbourne VIC 3001 or call 1300 780 808 or fax (03) 9613 6399. The FOS is not available to New Zealand unitholders.

## 9. Other information

Certain information in this PDS may change from time to time. Where we indicate to you that we will give notice of such changes, or where the updated information includes no materially adverse information, we will publish the updated information on our website at [www.schroders.com.au](http://www.schroders.com.au). A copy of the updated information will be available free of charge upon request by contacting Schroders.