



Schroders Supplementary Information

June 2020

Schroders are required to provide you with important information to help you decide whether our unit trust/OEIC Funds or Investment Trusts are right for you.

You should read this document carefully in addition to the Key Investor Information Document or Key Information Document so that you understand what you are buying, and then keep it for future reference.

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Available information

Thank you for your interest in Schroders' range of unit trust, open ended investment company (OEIC) funds and Investment Trusts. Schroders are required to provide you with important information to help you decide whether our funds are right for you. You have been provided with the relevant Key Investor Information Document(s) (KIID(s)) or Key Information Document(s) (KID(s)) the fund or funds that you have expressed an interest in; an Application Form; and this document, which includes supplementary information about our funds and included key features of the investment trust ISA. All of these documents should be read carefully prior to making any investment decisions and advice should be sought if you are unclear about any of their contents. While the KIID/KID provides information specific to an individual fund, the purpose of the supplementary information is to provide a summary of important information regarding dealing in the funds in general; the associated tax implications; your right to complain, your right to cancel (where applicable); and further details on the range of funds available.

For full details of the funds, please refer to the relevant fund Prospectus for unit trusts and OEICs. The Prospectus is available on request, free of charge, by contacting Schroders on 0800 182 2399*. Alternatively, with the exception of Schroder All Maturities Corporate Bond Fund, Schroder QEP Global Active Value Fund and Schroders QEP Global Core Fund, the Prospectus can be viewed online at www.schroders.co.uk/investor. The Prospectus (as amended from time to time) sets out the terms and conditions of your proposed investment. Your investment will be subject to English Law.

If you require further information, or you would like to learn more about the funds, please contact your financial adviser, or Schroders on 0800 182 2399*. Please note that we can only provide you with information on our funds and are not able to advise you as to what fund is most suitable for you. For advice on choosing an investment you should contact your financial adviser. If you do not have a financial adviser you can find one at schroders.co.uk/unbiased.

Schroders' fund range

Unit Trusts and OEICs

The funds are collective, open-ended investment schemes, denominated in sterling. They are structured as either unit trusts or OEICs and are authorised in the UK by the Financial Conduct Authority.

Investment Trusts

The funds are listed investment companies that own a portfolio of investments managed by Schroders. The investment trusts available in the Schroders Investment Trust ISA include UK investment trusts and overseas investment companies, but all are listed on the London Stock Exchange. The Schroders Investment Trust ISA is categorised as a stocks and shares ISA.

Fund Aims

A unit trust or OEIC is a type of fund which issues units or shares respectively and allows you to gain exposure to a selection of different underlying shares or securities. Each fund has a specific aim

which determines the types of shares or securities in which it invests. These aims are detailed in each Key Investor Information Document. In this document, the term 'shares' is used to refer to both units and shares issued by the funds.

Your Commitment

To invest you will need a lump sum investment of at least £1,000. Alternatively, you can invest £50 or more per month under a regular savings plan. You can top up your investment by £500 or more. You can start or stop investing whenever you wish by informing us in writing.

If your holding falls below the minimum holding amount (£50), then Schroders reserves the right to redeem the shares on your behalf.

There is no minimum term that you must hold your investments for, although you should note that if you sell your shares shortly after purchasing them you may suffer a loss on your initial capital due to the difference between the buying and selling price.

If you invest in the funds, you should be aware that there are risks involved. For fund specific risks please refer to the individual fund's Key Investor Information Document.

ISA Investments

What is an ISA?

An individual savings account (ISA) is a tax efficient wrapper in which you can hold either cash or stocks and shares.

The Schroder Unit Trust/OEIC ISA

The Schroders ISA allows you to invest an amount up to the current tax year's limit in stocks and shares. Schroders does not offer a cash ISA.

Additional Permitted Subscriptions

Schroders offers an Additional Permitted Subscriptions (APS) ISA if an additional allowance becomes available to you as the surviving spouse/civil partner of a deceased investor who held an ISA product with Schroders. Further details are available in the Schroders ISA Terms and Conditions which are available within the Application Form booklet.

Investing in Schroders' funds

How do I invest?

Unit Trust/OEIC

Complete and return a Unit Trust/OEIC Application Form, available via our website (www.schroders.co.uk/investor) or by calling 0800 182 2399*. If you are making an investment via an Independent Financial Adviser, the relevant Unit Trust/OEIC Application Form can be obtained from them.

ISA

Complete and return an ISA Application Form, available via our website (www.schroders.co.uk/investor) or by calling 0800 182 2399*. You may also transfer an existing ISA held with another ISA manager, by completing an ISA Transfer Form. This transfer will be in cash unless you hold Schroders funds in your existing ISA, in which case you may request a transfer in stock (also known as re-registration), by completing an ISA In-specie Transfer Form. If you are making an investment via an Independent Financial Adviser, the relevant ISA Application Form, ISA Transfer Form or ISA In-Specie Transfer Form can be obtained from them.

Who do I make the cheque payable to?

You should make your cheque payable to "Schroder Unit Trusts Limited".

When will my direct debit be collected?

Your direct debit will be collected on or around the 10th of each month. ISA direct debits will automatically roll over into the next tax year unless you notify us otherwise.

When will my ISA or Unit Trust/OEIC be opened?

The price of shares is calculated at a set valuation point on each dealing day (details of which are available from Schroders or your financial adviser). We will invest your money on the day we receive your application if it is before the valuation point of the fund, or on the following business day if your application is received after the valuation point.

How will my shares be registered?

All unit trust/OEIC investments are registered in your name. All ISA investments are held jointly in the names of yourself and Schroders.

What price will I get when I place my deal?

For unit trusts and OEICs, dealing will be carried out on a forward basis. This means the price at which you buy shares will not be available when you make your investment. A contract note will be issued after your investment has been made which shows the price at which you have bought your shares. The price is calculated at a set valuation point on each business day. Details of valuation points are available from Schroders or your financial adviser. If you place your deal after the valuation point, the price you receive will be the price valued on the following business day. All cash received from you will, pending investment, be credited to a non-interest bearing client money account.

How are share prices of the investment trusts determined?

The price you pay for shares will be determined by the market makers on the basis of the supply and demand for the shares. The price that you pay per share will not normally be the same as the value of the underlying investments in the portfolio, known as the net asset value per share. If the price is higher than the net asset value, you are paying a premium, if the price is lower, you are buying shares at a discount.

Will I have cancellation rights?

If you have received advice from an authorised financial adviser, you are entitled to a 'cancellation' period of 14 calendar days, from the time you receive notice of your cancellation rights. During this time, if you change your mind, simply complete and return the cancellation form (which will be sent to you with your confirmation letter). If you have invested into a unit trust or OEIC, we will then sell the investments made on your behalf and send you the proceeds less any fall in the share price since you made the investment. If you have invested in an ISA and change your mind during the cancellation period, you will be able to open another ISA of the same type in the same tax year. If you change your mind during the cancellation period, you will be able to open another ISA of the same type in the same tax year. However, if you change your mind after 14 days, you will have to sell your ISA, and will not be allowed to open another stocks and shares ISA in the same tax year.

What documentation will I receive?

A confirmation letter and contract note giving details of the shares purchased will be issued no later than the next business day after the dealing day on which the application to purchase shares is valued by the manager. We do not issue share certificates so we suggest that you retain the contract note for your records.

A statement relating to your investment will be sent to you twice a year as at 5 April and 5 October. The Long Manager's Report is available to view at www.schroders.com/en/uk/private-investor/literature/download-literature or may be requested by contacting Investor Services on 0800 182 2399*.

How and when will I receive my income?

For unit trusts and OEICs there are two types of shares available – income and accumulation. If you choose accumulation shares, the income generated from your investment is not paid directly to you, but is paid into the fund and increases the value of the shares you hold. If you choose income shares, any income (including repayments of tax received) will be paid into your bank account by Direct Credit. Income arising in respect of income shares will be paid out monthly, quarterly, half yearly or annually depending on the distribution frequency of the relevant fund.

When an investment trust pays a dividend you may choose to reinvest on the payment date to purchase further shares to maximise the potential long term investment returns. Alternatively if you may choose to have your dividends paid directly to your bank or building society account on the dividend payment date.

Taxation

Unit Trust/OEIC

The following summary of the anticipated tax treatment is only intended for UK individual taxpayers and does not constitute legal or tax advice. You should consult a professional adviser if you are unsure of your tax position.

What are my tax liabilities?

The funds may distribute income in the form of dividends or interest, depending on the nature of its underlying investments. Accumulations of income are treated for UK tax purposes as if they had been received in cash. Where Units are held within an ISA, all income and capital gains are exempt from tax.

If you have invested into an investment trust ISA, we will sell the investments made on your behalf and send you the proceeds including a refund of any initial charges, less any fall in the share price.

For funds paying dividend distributions, total dividends received in a tax year up to the tax free dividend allowance will be free of income tax. Dividends totalling in excess of that amount will be subject to the investor's marginal rate of tax. The rates applicable to dividend income are 7.5%, 32.5% and 38.1% where they fall within the basic rate, higher rate and additional rate bands respectively.

For funds paying interest distributions, a Personal Savings Allowance is available to exempt the first £1,000 of interest income from tax in the hands of basic rate taxpayers. The Allowance is £500 for higher rate taxpayers and nil for additional rate taxpayers. Total interest received in excess of the Allowance in a tax year will be subject to tax at the investor's marginal rate of tax. The rates applicable to savings income are 20%, 40% and 45% for tax year 2018-19 where they fall within the basic rate, higher rate and additional rate bands respectively.

Where units/shares are held outside an ISA, investors may, depending on their personal circumstances, be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of units/shares. If the total gains from all

sources realised by an individual investor in a tax year, after deducting allowable losses, are less than the annual exemption, there is no capital gains tax to apply. Individual investors with net gains in excess of the annual exemption will be chargeable to capital gains tax at the rate of tax applicable to them.

Investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to seek professional advice.

Income Equalisation

The first income distribution you receive or which is accumulated after buying shares may include an amount of income equalisation. This is a return of capital, and it is not taxable and should be deducted from the acquisition cost of your shares for capital gains tax purposes.

What are the current tax advantages?

ISA

Any income you receive, or is accumulated, will not be liable to further income tax, irrespective of your tax status. When you eventually come to sell your investment, there will be no chargeable gain or allowable loss arising in respect of Capital Gains Tax.

What do I have to tell HM Revenue and Customs?

Nothing – you do not have to declare your ISAs in your tax return.

Can I invest in an ISA if I am living abroad?

You cannot open an ISA whilst living or working abroad unless you are a Crown Employee or the spouse of, or in a civil partnership with a Crown Employee working abroad. You can invest in one before you go, but you cannot make any further contributions to it whilst you are living abroad.

Can I add to my ISA or Unit Trust/OEIC?

Yes. Please complete a Unit Trust/OEIC or ISA Top-up Form, available via our website (www.schroders.co.uk/investor) or by calling Investor Services on 0800 182 2399*. If you are investing via a financial adviser, please contact them directly to obtain the relevant form. Send the completed form, with your cheque made payable to Schroder Unit Trusts Limited. Please remember, if adding to your ISA you cannot exceed the current tax year's annual contribution limit. Alternatively call 0800 182 2399* to invest over the telephone (unit trusts and OEICs only).

Can I switch between funds once my ISA or Unit Trust/OEIC is open?

Yes. Please complete a Unit Trust/OEIC or ISA Investment Amendment Form, available via our website schroders.co.uk/investor or by calling Investor Services on 0800 182 2399*. If you are investing via a financial adviser, please contact them directly to obtain the relevant form. Alternatively call 0800 182 2399* to instruct a switch over the telephone. The relevant share price shall be determined by reference to the next valuation point following receipt of your instruction. Please be aware that a switch of shares in one fund to shares in another fund outside an ISA wrapper will be treated as a sale and purchase for capital gains tax purposes, and may give rise to a tax liability on any gain realised.

Note that investment trust shares will be sold at the relevant share price and new shares will be bought subject to stamp duty of 0.5% (except for Schroder Oriental Income Fund Limited) and a 0.5% dealing charge.

Do I have to keep my ISA for a minimum length of time?

No, you can sell all or part of your investment whenever you like. If you do want to sell part or all of your investment, simply write and let us know. Alternatively call 0800 182 2399*. Remember, it is the contributions into your ISA which count towards the annual limit. Once you have withdrawn cash from your ISA you will be unable to reinvest it in the ISA in the same tax year if you have reached your annual limit.

How do I sell my investment and how quickly will I get my proceeds?

You or your financial adviser can instruct Schroders to sell shares in writing or by telephone on 0800 182 2399*. You will receive the price as at the next valuation point following receipt of your instructions by Schroders. Please note bank verification documents may be requested prior to payment regardless of who provided the instruction. We will then send your proceeds to the bank account details on record on or by the close of business four days after the sale, subject to the appropriate signature(s) and bank verification documents if applicable.

If after you have sold your shares, you have less than the minimum investment of £1,000 we reserve the right to sell all your remaining holdings on your behalf.

Can I transfer my ISA investments between different managers?

If you have taken out an ISA in the current tax year, the rules require you to transfer out your entire ISA holding for that tax year – partial transfers of ISA investments are therefore not possible for the current tax year.

Because Schroders previously merged ISAs from different tax years, it will not always be possible for us to transfer your particular investments from a specific tax year. For transfer purposes, Schroders calculates your current tax year's ISA holding as the total of all your contributions over the current tax year. This may mean that if the value of your current year's ISA is lower than the sum of your current year's contributions, we may have to transfer investments from a previous year's ISA to make up the difference. However if you hold ISAs from previous tax years, you can indicate how much of your accrued ISA investments you wish to transfer. This transfer will be in cash unless you wish to continue to hold your Schroders funds with your new ISA manager, in which case you may request a transfer in stock (also known as re-registration).

To transfer your ISA to another manager, you will need to complete the relevant form from your new ISA manager. If you are investing via a financial adviser, please contact them directly to obtain the relevant ISA transfer form.

Additional information

How are the funds taxed?

The funds are subject to corporation tax on their income but as authorised unit trusts and OEICs, they are exempt from UK tax on capital gains realised on profits made on the investments held within the funds. Certain funds may invest in offshore funds which, in certain circumstances, may give rise to gains which are categorised as income rather than capital gains for UK tax purposes and so are chargeable to corporation tax.

Dividends, including dividend distributions from authorised unit trusts and open ended investment companies are not subject to tax and other types of taxable income are relieved by deducting allowable management expenses and the gross amount of interest distributions, where relevant.

Who is the unit trust manager/OEIC authorised corporate director?

Schroder Unit Trusts Limited, of 1 London Wall Place, London EC2Y 5AU. Schroder Unit Trusts Limited is authorised and regulated by the Financial Conduct Authority and is entered on the Financial Services register under register number 197288.

Who is the plan manager of my ISA?

The ISA manager is Schroder Unit Trusts Limited, of 1 London Wall Place, London EC2Y 5AU. Schroder Unit Trusts Limited is authorised and regulated by the Financial Conduct Authority and is entered on the Financial Services register under register number 197288.

The principal business of the plan manager is the provision of ISA administration services and marketing of unit trusts.

Who is the trustee/depositary?

JP Morgan Europe Limited, of Chaseside, Bournemouth BH7 7DA for the unit trusts and OEICs.

Who is the administrator?

HSBC administers your investment on behalf of Schroder Unit Trusts Limited.

What is the administration address?

Schroders Investor Services, PO BOX 1402, SUNDERLAND, SR43 4AF.

Who are the auditors?

PricewaterhouseCoopers LLP, of Atria One, 144 Morrison St, Edinburgh EH3 8EB for unit trusts and OEICs.

Who is the Competent Authority?

The funds are authorised by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN. Telephone Numbers: 0800 111 6768 (freephone) or 0300 500 8082 from the UK, or +44 207 066 1000 from abroad.

What is my best source of information about my ISA or Unit Trust/OEIC?

Please contact Schroders or your financial adviser for the Unit Trust or OEIC Prospectus, Manager Reports and Fund Fact Sheets (these are available free of charge). All other information about Schroders' funds is available on request from Schroders at the following address: Schroders Investor Services, PO BOX 1402, SUNDERLAND, SR43, 4AF. Telephone number: 0800 182 2399*.

Where can I find the latest prices and yields for my fund?

Prices can be found on the internet at: <https://www.schroders.com/en/uk/private-investor/fund-centre/prices-and-performance/>

How much will any advice cost?

We only provide you with information about Schroders' products and will not offer any advice based on individual circumstances.

If you are in any doubt as to whether a product is suitable for you, you should consult a financial adviser. You will have to agree a fee with your adviser for the provision of any advice in relation to your investment.

Who can I complain to if I am not satisfied with the service I receive?

You can write to the Schroders Investor Services, PO BOX 1402, SUNDERLAND, SR43 4AF.

You can also request a copy of Schroders' written internal complaints procedures by writing to the above address or contacting Investor Services on 0800 182 2399*.

If Schroders fails to resolve your complaint satisfactorily you may have the right to refer the complaint to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR.

Telephone:

0800 023 4 567 or 0300 123 9 123

Email:

complaint.info@financial-ombudsman.org.uk

Website:

www.financial-ombudsman.org.uk

What happens if Schroders is unable to meet its liabilities?

In the event of Schroders being unable to meet its liabilities, you may be entitled to compensation under the Financial Services Compensation Scheme. Currently, the maximum level of compensation you can receive from the Scheme for a claim against an investment firm is 100% of the first £50,000 per person. For further information on the scheme you can contact The Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU or visit www.fscs.org.uk.

What happens if Schroders is unable to contact me?

If a client fails to make contact with Schroders for a period of six years, Schroders reserves the right to retain the proceeds of any individual cash balances that remain unclaimed. We will make all reasonable attempts to contact the client including writing to them at their last known address and ensuring that there have been no further transactions on their account during this time. Please note that if at any time the client resumes contact with Schroders, Schroders will repay all retained amounts owing.

Automatic exchange of information for unit trusts and OEIC investments

US Foreign Account Tax Compliance Act 2010 (FATCA) and OECD Common Reporting Standard 2016 ("CRS")

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

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

In order to comply with our obligations under certain tax regulations, Schroders may be required to obtain certain information from you so as to ascertain your identity, tax residency and tax status. In certain cases, we may be required to report details of your account to HM Revenue & Customs which may in turn report this to other tax authorities.

Please note that it is Schroders' existing policy that shares are not offered or sold for the account of US Persons, including subsequent transfers to US Persons or investors who do not provide the appropriate tax information. If shares are beneficially owned by any US Person or a person who has not provided the appropriate tax information, Schroders may in its discretion compulsorily redeem such shares.

Key Features of the Schroders Investment Trust ISA

The Risks

If you invest in investment trusts you should be aware that there are risks involved.

Most importantly you may not get back what you originally invested when you sell. Both your initial capital sum and the income the investment may pay, can go down as well as up due to price changes in the financial markets outside Schroders' control.

You should be aware that the past performance of your investment is not an indicator of its future performance.

- The share price of an investment trust will not always reflect the underlying value of the investments in its portfolio. This is because the share price is determined by the demand for and supply of shares traded on the stockmarket and not the value of the trust's investments. If the share price is higher than the net asset value per share, the shares are said to be trading at a premium and if it is lower, they are said to be trading at a discount. Therefore, shareholders may realise returns which are lower or higher than the net asset value performance of the shares in the investment trusts.
- **Market risk:** there is the risk of losses due to changes in market prices.
- **Liquidity risk:** the risk that a position cannot be liquidated (sold) in a timely manner at a reasonable price.
- **Inflation risk:** inflation will reduce the purchasing power of your money in the future.
- **Change in tax regime:** the favourable treatment of ISAs may not be maintained.

Charges and expenses information

What are the charges?

In addition to the charges that are set out in the Key Information Document, Schroders shall also be entitled to levy an annual ISA charge of 0.5% + VAT per annum. The charge is calculated and deducted every six months on a pro rata basis from your holding at which point we will sell a proportion of your holding.

Net asset value, premium and discount information

Where can I find out about the net asset value, premium or discount?

The net asset value of each investment trust is published daily and is available from www.schroders.co.uk or each trust's individual website. Information about the share price and the dividend is also available from www.schroders.co.uk. Alternatively, information is available monthly from the Association of Investment Companies (020 7282 5555) or www.theaic.co.uk/.

Schroders can also give you information about dividends that have been paid as well as arranging for you to receive copies of the Annual Reports, if required.



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