Schroders

Schroder Investment Management Australia Limited
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ASX/ Media Release: 2 March 2018
Notice to investors under section 601GCA(3) of the Corporations Act

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Schroders proposes to amend the constitution of the Schroders Real Return Fund (ASX: GROW) ARSN 612 309 332, along with the constitutions of other Schroders Funds, in order to allow the funds to operate as attribution managed investment trusts (**AMIT**) pursuant to the new AMIT Regime.

The AMIT Regime, a tax regime governing the taxation of investment trusts, was enacted on 5 May 2016 by way of the passage of the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* (Cth).

Schroder Investment Management Australia Limited, as the responsible entity of the Schroders Funds (listed in Appendix A of the notice referred to below), has elected to apply the AMIT Regime to each of the Schroders Funds, including the Schroders Real Return Fund (GROW).

The proposed amendments are summarised in the notice posted on Schroders' website on 2 March 2018 in accordance with the procedure set out under *ASIC Corporations (Attribution Managed Investments Trusts) Instrument 2016/489*, for the purposes of section 601GCA of the *Corporations Act 2001* (Cth). The reasons for, and effect of, the Constitutional amendments are set out in the notice. A copy of that notice is set out in Attachment 1.

For further information about the proposed constitutional amendments, please contact info.au@schroders.com.

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Attachment 1

Notice to Investors

Schroders

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NOTICE TO INVESTORS: 2 March 2018

Proposed changes to Schroders' Funds constitutions to allow for adoption of the Attribution Managed Investment Trust (AMIT) Regime (Notice)

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This Notice is made pursuant to section 601GCA(3) of the *Corporations Act 2001* (Cth) as modified by *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489*.

What is the purpose of this Notice?

The purpose of this notice is to inform you of proposed changes to the constitutions of Schroders' funds to allow for the adoption of the AMIT Regime.

What do you need to do?

You do not need to take any action in respect of this Notice, however if you wish to respond, please see details on how to contact us set out below.

What does this Notice contain?

Set out below are:

- Details of the Schroders' Funds to which this Notice applies;
- An explanation of the AMIT Regime;
- An explanation of the proposed changes to the constitutions; and
- Details of how to contact us if you would like to respond to this Notice.

Which funds does this Notice apply to?

Please see funds listed in Appendix A (**Schroders Funds**).

What is the AMIT Regime?

The AMIT Regime is a new tax regime governing the taxation of investment trusts and enacted on 5 May 2016 by way of the passage of the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* (Cth).

Unit trusts that comply with certain eligibility requirements are able to apply the regime on an elective basis. The requirements relate to both (i) the operation and legal framework of the relevant trust, and (ii) the investor base (e.g. a requirement that units in the trust must be widely held). The AMIT regime is intended to improve the operation of Australian tax law for managed investment trusts by increasing certainty, allowing for greater flexibility and reducing compliance costs.

Schroders, as responsible entity of the Schroders Funds, has elected to apply the AMIT Regime to each of the Schroders Funds listed in Appendix A with effect from 1 July 2017 for the 30 June 2018 and future income years. The AMIT Regime will apply going forward unless the requirements of the AMIT regime are no longer met by the relevant Schroders Fund.

How will the constitutions of Schroders' Funds be changed to comply with the AMIT Regime?

The proposed modifications to the constitutions for the:

- Schroder Asia Pacific Fund;
- Schroder Australian Equity Fund;
- Schroder Balanced Fund;
- Schroder Fixed Income Fund; and
- Schroder Global Core Fund,

are summarised in the following table:

Modification to the Constitutions	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

The proposed modifications to the constitutions for the:

- Schroder Equity Opportunities Fund;
- Schroder Cash Plus Fund;
- Schroder Global Blend Fund (Hedged);
- Schroder Global Blend Fund;
- Schroder Global Quality Fund;
- Schroder QEP Emerging Markets Fund;
- Schroder Real Return CPI Plus 5% Fund;
- Schroder Real Return CPI Plus 3.5% Fund;
- Schroder Global Corporate Bond Fund; and
- Schroder Global Value Extension Fund,

are summarised in the following table:

Modification to the Constitutions	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
The existing provisions regarding the calculation of distributable income have been amended so that they only apply where the scheme is not an AMIT in relation to the relevant year. For years in which the scheme is an AMIT, the distributable income calculation has been amended such that the distributable income will be the amount determined by the responsible entity.	This amendment will enable the responsible entity to determine the distributable income of the scheme in the manner permitted under the AMIT Regime, for years in which the scheme is an AMIT.

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The existing provisions enabling the streaming of capital gains to investors have been amended so that they will only apply where the scheme is not an AMIT in relation to the relevant year.	The existing provisions rely on concepts in the tax law that are not relevant where the scheme is an AMIT. The amendment switches off this mechanism for years in which the scheme is an AMIT.
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

The proposed modifications to the constitutions for the:

- Schroder Credit Securities Fund;
- Schroder Australian Equity Pool; and
- Schroder Wholesale Australian Equity Fund,

are summarised in the following table:

Modification to the Constitutions	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
The existing provisions regarding the calculation of distributable income have been amended so that they only apply where the scheme is not an AMIT in relation to the relevant year. For years in which the scheme is an AMIT, the distributable income calculation has been amended such that the distributable income will be the amount determined by the responsible entity.	This amendment will enable the responsible entity to determine the distributable income of the scheme in the manner permitted under the AMIT Regime, for years in which the scheme is an AMIT..
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

The proposed modifications to the constitutions for the:

- Schroder Global Emerging Markets Fund;
- Schroder Global Value Fund;
- Schroder Global Value Fund (Hedged); and
- Schroder Enhanced Core Bond Fund,

are summarised in the following table:

Modification to the Constitutions	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
The distributable income calculation mechanism has been amended such that the distributable income will be the amount determined by the responsible entity for all years.	This amendment will enable the responsible entity to determine the distributable income of the scheme in the manner permitted under the AMIT Regime, for years in which the scheme is an AMIT.
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

The proposed modifications to the constitutions for the:

- Schroder Global Recovery Fund;

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- Schroder Real Return Fund;
- Schroder Global Blend Ex Tobacco Fund;
- Schroder Global High Yield Bond Fund; and
- Schroder Global Bond Fund,

are summarised in the following table:

Modification to the Constitutions	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
The existing provisions regarding the calculation of distributable income have been amended so that they only apply where the scheme is not an AMIT in relation to the relevant year. For years in which the scheme is an AMIT, the distributable income calculation has been amended such that the distributable income will be the amount determined by the responsible entity.	This amendment will enable the responsible entity to determine the distributable income of the scheme in the manner permitted under the AMIT Regime, for years in which the scheme is an AMIT.
The existing provisions enabling the streaming of capital gains to investors have been amended so that they will only apply where the scheme is not an AMIT in relation to the relevant year.	The existing provisions rely on concepts in the tax law that are not relevant where the scheme is an AMIT. The amendment switches off this mechanism for years in which the scheme is an AMIT.
The provision that enables the responsible entity to distribute non-cash items to investors has been amended so that it only applies to income years in relation to which the trust is not an AMIT.	The existing provisions rely on concepts in the tax law that are not relevant where the scheme is an AMIT. The amendment switches off this mechanism for years in which the scheme is an AMIT.
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

The proposed modifications to the constitution for the:

- Schroder Enhanced Cash Management Fund; and
- Schroder Higher Yielding Credit Pool,

are summarised in the following table:

Modification to the Constitution	Effect of Modification
A new provision requires the responsible entity to determine and attribute the "trust components" to investors in respect of each year in which the scheme is an AMIT having regard to investors' interests and entitlements pursuant to the constituent documents of the scheme.	This provision addresses the specific requirements of the AMIT Regime, and requires the responsible entity to determine and attribute the scheme's tax liability to investors each year in which the scheme is an AMIT.
The existing provision that makes investors presently entitled to the accounting income of the fund where the responsible entity does not otherwise determine the distributable income of the fund has been amended so that it will only apply for years where the scheme is not an AMIT.	This amendment will enable the responsible entity to determine the distributable income of the scheme in the manner permitted under the AMIT Regime, for years in which the scheme is an AMIT.
Incidental changes have been made to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime.	These modifications will enable the other amendments to operate as permitted by the AMIT Regime.

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How do you contact us if you want to respond to this Notice?

If you would like to request a meeting of the fund's members to consider and vote on the proposed changes to the constitution you may make a request in writing and send it by email to info.au@schroders.com before 9 March 2018.

Schroders, as responsible entity of the Schroders Funds, will proceed to amend the constitutions of the Schroders Funds as set out above on or after 9 March 2018, being 7 days from the date of this Notice, unless it has received requests from members with at least 5% of the votes that may be cast on the resolution to call and arrange to hold a meeting as specified in this Notice.

Contact Schroders

If you would like further information in relation to this Notice please contact info.au@schroders.com.

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www.schroders.com.au

Level 20, Angel Place
123 Pitt Street,
Sydney, NSW 2000

Email: info.au@schroders.com
Phone: 1300 136 471

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Appendix A

The table below sets out the funds to which this notice applies.

Fund Name	ARSN
Schroder Asia Pacific Fund	092 337 936
Schroder Australian Equity Fund	089 953 248
Schroder Balanced Fund	092 337 203
Schroder Fixed Income Fund	089 952 849
Schroder Global Core Fund	092 337 365
Schroder Equity Opportunities Fund	128 708 645
Schroder Cash Plus Fund	131 418 025
Schroder Global Blend Fund (Hedged)	146 945 137
Schroder Global Blend Fund	136 596 257
Schroder Global Quality Fund	136 599 409
Schroder QEP Emerging Markets Fund	157 846 145
Schroder Real Return CPI Plus 5% Fund	132 446 103
Schroder Real Return CPI Plus 3.5% Fund	163 314 305
Schroder Global Corporate Bond Fund	155 686 972
Schroder Global Value Extension Fund	142 433 403
Schroder Credit Securities Fund	092 060 172
Schroder Australian Equity Pool	100 857 476
Schroder Wholesale Australian Equity Fund	100 857 823
Schroder Global Emerging Markets Fund	121 251 410
Schroder Global Value Fund	114 292 009
Schroder Global Value Fund (Hedged)	115 597 272
Schroder Enhanced Core Bond Fund	119 921 256
Schroder Global Recovery Fund	603 473 329
Schroder Real Return Fund (ASX: GROW)	612 309 332
Schroder Global Blend Ex Tobacco Fund	166 502 129
Schroder Global High Yield Bond Fund	166 502 343
Schroder Global Bond Fund	600 136 561
Schroder Enhanced Cash Management Fund	096 079 097
Schroder Higher Yielding Credit Pool	098 143 796

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