

**31 January 2018**

Dear Shareholder,

## **Schroder Special Situations Fund – Sterling Liquidity Plus**

The board of directors of Schroder Special Situations Fund (the "Company") has decided to change the investment objective of Schroder Special Situations Fund – Sterling Liquidity Plus (the "Fund") with effect from 1 March 2018 (the "Effective Date"). The Fund will now target a return of 3-month Sterling Libor gross of fees, rather than net of fees. This is to allow the Investment Manager to target a consistent return across all of the Fund's share classes.

The Fund's investment objective, which is contained in the Company's prospectus, is being changed from:

### **Current Investment Objective**

To target a return of 3-month Sterling Libor net of fees, with a low level of volatility through investment in a portfolio of money market instruments, short term bonds, other fixed and floating rate securities issued by governments, government agencies, supranational, corporate issuers, and financial institutions.

to:

### **Revised Investment Objective**

The Fund aims to provide capital growth equivalent to 3 month sterling LIBOR (gross of fees) by investing in money market instruments and fixed and floating rate securities worldwide. There is no guarantee that this objective will be met and your capital is at risk.

The other clarifications made to the Fund's investment objective form part of a wider process at Schroders of reviewing all our fund documentation to ensure that it reflects current practice in the market. We also propose to amend the Fund's investment policy in line with this process. The current and revised investment policy can be found in the Appendix of this letter.

The prospectus is available at [www.schroders.lu](http://www.schroders.lu).

All other key features of the Fund will remain the same. There will be no change in the Fund's investment strategy following this change. The ISIN codes of the share classes affected by this change are listed at the end of this letter.

We hope that you will choose to remain invested in the Fund following these changes, but if you wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds before the Effective Date you may do so at any time up to and including deal cut-off on 28 February 2018. Schroder Investment Management (Luxembourg) S.A. will execute your redemption or switch instructions in accordance with the provisions of the Company's prospectus, free of charge, although in some countries local paying agents,

correspondent banks or similar agents might charge transaction fees. Local agents might also have a local deal cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach Schroders in Luxembourg before the deal cut-off on 28 February 2018.

If you have any questions or would like more information about Schroders' products please contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Luxembourg) S.A. on (+352) 341 342 212.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Rodewald', written in a cursive style.

**Cord Rodewald**  
Authorised Signatory

A handwritten signature in black ink, appearing to read 'Alastair Woodward', written in a cursive style.

**Alastair Woodward**  
Authorised Signatory

## Appendix

### Current Investment Policy

The Fund may invest in non-Sterling denominated securities, provided that any FX exposure is hedged. The Fund will maintain a maximum duration of one year.

The Fund may employ derivatives for hedging or investment purposes in accordance with its risk profile as disclosed below. The derivatives may include over-the-counter or exchange traded options, futures, warrants, swaps or forward contracts.

### Revised Investment Policy

The Fund invests at least two thirds of its assets in money market instruments and investment grade short-term fixed and floating rate securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies), that are denominated in Sterling and issued by governments, government agencies, supra-nationals and companies worldwide.

The Fund may also invest in non-Sterling denominated money market instruments and investment grade short-term fixed and floating rate securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies), provided that any foreign exchange exposure is hedged to Sterling.

The fund invests in fixed rate securities with less than 12 months to maturity and may invest in floating rate securities with over 12 months to maturity.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may also hold cash.

### ISIN codes of share classes affected by the change

Share class	Share class currency	ISIN code
C Accumulation	GBP	LU0269939624
I Accumulation	GBP	LU0269940127
C Distribution	GBP	LU0338805616
I Distribution	GBP	LU0338806184
X Accumulation	GBP	LU0979391793
X1 Accumulation	GBP	LU1673092919
S Accumulation	GBP	LU1076529814
S Distribution	GBP	LU1076531554