

SCHRODER SPECIAL SITUATIONS FUND

(a Luxembourg domiciled open-ended investment company)

PROSPECTUS

August 2009

Schroder Investment Management (Luxembourg) S.A.

Internet Site: <http://www.schroders.lu>

VISA 2009/52619-1994-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 28/08/2009
Commission de Surveillance du Secteur Financier



IMPORTANT INFORMATION

This prospectus (the "Prospectus") should be read in its entirety before making any application for Shares. If you are in any doubt about the contents of this Prospectus you should consult your financial or other professional adviser.

Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of Shares other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company or the Management Company. Neither the delivery of this Prospectus nor the offer, placement, subscription or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date herein.

The Directors, whose names appear below, have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Directors accept responsibility accordingly.

The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Investors wishing to apply for Shares should inform themselves as to the requirements within their own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.

This Prospectus does not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

Holding and storing personal data in relation to the Investors is necessary to enable the Management Company to fulfil the services required by the Investors and to comply with its legal and regulatory obligations.

By subscribing to Shares of the Company, the Investors expressly agree that their personal data be stored, changed, otherwise used or disclosed (i) to Schroders and other parties which intervene in the process of the business relationship (e.g. external processing centres, dispatch or payment agents), including companies based in countries where data protection laws might not exist or be of a lower standard than in the European Union or (ii) when required by law or regulation (Luxembourg or otherwise).

Personal data shall not be used or disclosed to any person other than as outlined in the preceding paragraph without the Investors' consent.

Reasonable measures have been taken to ensure confidentiality of the personal data transmitted within Schroders. However, due to the fact that the information is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the information is kept abroad.

Schroders will accept no liability with respect to any unauthorised third party receiving knowledge of or having access to such personal data, except in the case of negligence by Schroders.

The Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

The personal data shall not be held for longer than necessary with regard to the purpose of the data processing.

The distribution of this Prospectus in certain countries may require that this Prospectus be translated into the languages specified by the regulatory authorities of those countries. Should any inconsistency arise between the translated and the English version of this Prospectus, the English version shall always prevail.

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the recording of conversations with the Management Company and to the use of such recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested.

Copies of this Prospectus can be obtained from and enquiries regarding the Company should be addressed to:

Schroder Investment Management (Luxembourg) S.A.
5, rue Höhenhof
L-1736 Senningerberg

Grand Duchy of Luxembourg.

Tel: (+352) 341 342 202

Fax: (+352) 341 342 342

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DEFINITIONS

"Accumulation Shares"	shares which accumulate their income so that the income is included in the price of the shares
"Articles"	the Articles of Association of the Company as amended from time to time
"AUD"	Australian Dollars
"Business Day"	a week day on which banks are normally open for business in Luxembourg
"CAD"	Canadian Dollar
"CHF"	Swiss Franc
"Class"	a class of Shares with a specific fee structure
"Company"	Schroder Special Situations Fund
"Custodian"	J.P. Morgan Bank Luxembourg S.A., acting as custodian bank and fund administrator
"CSSF"	Commission de Surveillance du Secteur Financier (Luxembourg Financial Sector Supervisory Authority)
"Dealing Day"	unless provided for in the Fund's details in Appendix III, a dealing day is a Business Day which does not fall within a period of suspension of calculation of the net asset value of the relevant Fund and such other day as the Directors may decide from time to time
"Directors"	the Board of Directors of the Company
"Distributor"	a person or entity duly appointed from time to time by the Management Company to distribute or arrange for the distribution of Shares
"Distribution Shares"	Shares which distribute their income

"EEA"	European Economic Area
"Eligible Market"	an official stock exchange or another Regulated Market
"Eligible State"	includes any member state of the European Union ("EU"), any member state of the Organisation for Economic Co-operation and Development ("OECD"), and any other state which the Directors deem appropriate with regard to the investment objective of each Fund.
"EU"	European Union
"EUR"	the European currency unit (also referred to as the Euro)
"Fund"	a specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Class or Classes of Shares
"GBP"	Great British Pound
"Investor"	a subscriber for Shares
"JPY"	Japanese Yen
"Management Company"	Schroder Investment Management (Luxembourg) S.A.
"Net Asset Value per Share"	the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Calculation of Net Asset Value" as set out in Section 2.3
"OTC"	over-the-counter
"Regulated Market"	a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State
"Regulations"	the 2002 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions

"Schroders"	the Management Company's ultimate holding company and its subsidiaries and affiliates worldwide
"Share"	a Share of no par value in any one Class in the capital of the Company
"Shareholder"	a holder of Shares
"SEK"	Swedish Krona
"UCI"	an "undertaking for collective investment" within the meaning of the first and second indent of Article 1(2) of Council Directive 85/611/EEC of 20 th December 1985, as amended
"UCITS"	an "undertaking for collective investment in transferable securities" within the meaning of Article 1(2) of Council Directive 85/611/EEC of 20 th December 1985, as amended
"UK"	United Kingdom
"USA" or "US"	the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.
"USD"	United States Dollar

All references herein to time are to Luxembourg time unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa.

BOARD OF DIRECTORS

Chairman:

Gavin RALSTON, Global Head of Product, Schroder Investment Management Limited, 31 Gresham Street, London EC2V 7QA, United Kingdom

Directors:

- *Jacques ELVINGER*, Avocat, Elvinger, Hoss & Prussen, 2, place Winston Churchill, L-2014 Luxembourg, Grand Duchy of Luxembourg
- *Daniel DE FERNANDO GARCIA*, Consultant, José Abascal 58, 7 Derecha, 28003 Madrid, Spain
- *Achim KUESSNER*, Country Head Germany, Austria & CEE, Schroder Investment Management GmbH, Taunustor 2, 60311 Frankfurt, Germany
- *Georges-Arnaud SAIER*, Consultant, VERY sas, 10 Rue de la Grange Bateliere, Paris 75009, France.

ADMINISTRATION

Registered Office:

5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg

Management Company and Domiciliary Agent:

Schroder Investment Management (Luxembourg) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg

Investment Managers:

- Schroder Investment Management Limited, 31 Gresham Street, London EC2V 7QA United Kingdom
- Schroder Investment Management North America Inc., 875 Third Avenue, 22nd Floor, New York, New York 10022- 6225, United States of America
- Schroder Investment Management (Singapore) Limited, 65 Chulia Street 46-00, OCBC Centre, Singapore 049513

Custodian:

J.P. Morgan Bank Luxembourg S.A., European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg

Independent Auditors:

PricewaterhouseCoopers S.à.r.l., 400, route d'Esch, L-1471 Luxembourg, Grand Duchy of Luxembourg

Principal Legal Adviser:

Elvinger, Hoss & Prussen, 2, place Winston Churchill, L-2014 Luxembourg, Grand Duchy of Luxembourg

Principal Paying Agent:

Schroder Investment Management (Luxembourg) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg.

1. THE COMPANY

1.1 STRUCTURE

The Company is an open-ended investment company organised as a “société anonyme” under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d’Investissement à Capital Variable (“SICAV”). The Company operates separate Funds, each of which is represented by one or more Classes of Shares. The Funds are distinguished by their specific investment policy or any other specific features.

The Company constitutes a single legal entity, but the assets of each Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Fund and the assets of a specific Fund are solely accountable for the liabilities, commitments and obligations of that Fund.

Certain Shares are listed on the Luxembourg Stock Exchange – see appendix IV for details. The Directors may decide to make an application to further list other Shares, as well as list all such Shares on any other recognised stock exchange.

The Directors may at any time resolve to set up new Funds and/or create within each Fund one or more Classes of Shares and this Prospectus will be updated accordingly. The Directors may also at any time resolve to close a Fund, or one or more Classes of Shares within a Fund to further subscriptions.

1.2 INVESTMENT OBJECTIVES AND POLICIES

The exclusive objective of the Company is to place the funds available to it in transferable securities and other permitted assets of any kind, including financial derivative instruments, with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolios.

The specific investment objective and policy of each Fund is described in Appendix III.

The investments of each Fund shall at any time comply with the restrictions set out in Appendix I, and Investors should, prior to any investment being made, take due account of the risks of investments set out in Appendix II.

1.3 CLASSES OF SHARES

The Directors may decide to create within each Fund different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Fund, but where a specific fee structure, currency of denomination or other specific feature

may apply to each Class. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.

Shares are generally issued as Accumulation Shares. Distribution Shares will only be issued within any Fund at the Directors' discretion. Investors may enquire at the Management Company or their Distributor whether any Distribution Shares are available within each Class and Fund.

Investors are informed that not all Distributors offer all Classes.

The particular features of each Class are provided below and in Appendix III.

Initial Charge

The Management Company and Distributors are entitled to the initial charge, which can be partly or fully waived at the Directors' discretion. The initial charge attributable to each Class of Shares is specified in Appendix III.

Minimum Subscription Amount, Minimum Additional Subscription Amount and Minimum Holding Amount

The Minimum Subscription Amount, Minimum Additional Subscription Amount and Minimum Holding Amount for each Class of Shares are set out in Appendix III. The amounts are stated in the relevant currency although near equivalent amounts in any other freely convertible currency are acceptable. These minima may be waived at the Directors' discretion from time to time.

Specific features of B (Inst.) Shares

B (Inst.) Shares will only be offered to Investors who are institutional investors, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

In respect of B (Inst.) Shares, the Investment Manager may apply and retain a redemption charge of up to 0.75% applied to the total amount resulting from multiplying the Net Asset Value per Share by the number of Shares redeemed. The redemption charge may vary through time as specified in the Fund Details in Appendix III, as appropriate.

The Company will not issue, or effect any switching of B (Inst.) Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for B (Inst.) Shares restricted to institutional investors until such date as the Management Company has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

Specific features of C (Inst.), I, and O Shares

C (Inst.), I and O Shares will only be offered to Investors who are institutional investors, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

The Company will not issue, or effect any switching of C (Inst.), I, and O Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for C (Inst.) I, and O Shares restricted to institutional investors until such date as the Management Company has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

Specific features of U Shares

U Shares will only be offered to Investors who are institutional investors, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

In respect of U Shares, the Investment Manager may apply and retain a redemption charge of up to 2% applied to the total amount resulting from multiplying the Net Asset Value per Share by the number of Shares redeemed.

The Company will not issue, or effect any switching of U Shares to any Investor who may not be considered an institutional investor. The Directors of the Company may, at their discretion, delay the acceptance of any subscription for U Shares restricted to institutional investors until such date as the Management Company has received sufficient evidence on the qualification of the relevant Investor as an institutional investor.

General

If it appears at any time that a holder of B (Inst.), C (Inst.), I, O or U Shares is not an institutional investor, the Directors of the Company will instruct the Management Company to propose that the said holder convert their Shares into Shares of a Class within the relevant Fund which is not restricted to institutional investors (provided that there exists such a Class with similar characteristics). In the event that the Shareholder refuses such switching, the Directors of the Company will, at their discretion, instruct the Management Company to redeem the relevant Shares in accordance with the provisions under "Redemption and Switching of Shares".

2. SHARE DEALING

2.1 SUBSCRIPTION FOR SHARES

How to subscribe

Investors subscribing for Shares for the first time should complete an application form and send it with applicable identification documents by post to the Management Company. Application forms may be accepted by facsimile transmission or other means approved by the Management Company, provided that the original is immediately forwarded by post. If completed application forms and cleared funds are received by the Management Company before the dealing cut-off as specified in Appendix III, Shares will normally be issued at the relevant Net Asset Value per Share, as defined below under "Calculation of Net Asset Value", determined on the Dealing Day (plus any applicable initial charge). For completed applications received after the dealing cut-off, Shares will normally be issued at the relevant Net Asset Value per Share on the immediately following Dealing Day (plus any applicable initial charge).

However, the Directors may permit, if they deem it appropriate, different dealing cut-off times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different cut-off times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable dealing cut-off time applied to Shareholders must always precede the valuation point of the Funds for that Dealing Day.

Subsequent subscription for Shares does not require completion of a second application form. However, Investors shall provide written instructions as agreed with the Management Company to ensure smooth processing of subsequent subscriptions. Instructions may also be made by letter, facsimile transmission, in each case duly signed, or such other means approved by the Management Company.

With regard to registered Shares, confirmations of transactions will normally be dispatched on the Business Day following the execution of subscription instructions. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Investors are advised to refer to the terms and conditions on the application form to inform themselves fully of the terms and conditions to which they are subscribing.

Please refer to Appendix III for more details on the dealing cut-off and dealing frequency for each Fund.

Each Investor will be given a personal account number which, along with any relevant transaction number should be quoted on any payment by bank transfer. Any relevant transaction number and the personal account number should be used in all correspondence with the Management Company or any Distributor.

Different subscription procedures may apply if applications for Shares are made through Distributors.

All applications to subscribe for Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.

How to pay

Payment should be made by electronic bank transfer net of all bank charges (i.e. at the Investor's expense). Further settlement details are available on the application form.

Shares are normally issued once settlement in cleared funds is received. In the case of applications from approved financial intermediaries or other investors authorised by the Management Company, the issue of Shares is conditional upon the receipt of settlement within a previously agreed period not exceeding the settlement period as stated in Appendix III. If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next Business Day on which those banks are open. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company. In all cases, any confirmation of transaction and any money returnable to the Investor will be held by the Management Company without payment of interest pending receipt of the remittance.

Payments in cash will not be accepted. Third party payments will only be accepted at the Management Company's discretion.

Payment should normally be made in the currency of the relevant Class. However, a currency exchange service for subscriptions is provided by the Management Company on behalf of, and at the cost and risk of, the Investor. Further information is available from the Management Company or any of the Distributors on request.

Different settlement procedures may apply if applications for Shares are made through Distributors.

Price Information

The Net Asset Value per Share of one or more Classes is published daily or in line with the valuation frequency of the relevant Fund in such newspapers or other electronic services as determined from time to time by the Directors. It may be made available on the Schroder Investment Management (Luxembourg) S.A. internet site “<http://www.schroders.lu>”, and is available from the registered office of the Company. Neither the Company nor the Distributors accept responsibility for any error in publication or for non-publication of the Net Asset Value per Share.

Types of Shares

Shares are issued only in registered form. Registered Shares are in non-certificated form. Fractional entitlements to registered Shares will be rounded to two decimal places. Shares may also be held and transferred through accounts maintained with clearing systems.

General

Instructions to subscribe, once given, are irrevocable, except in the case of a suspension or deferral of dealing. The Management Company and/or the Company in their absolute discretion reserve the right to reject any application in whole or in part. If an application is rejected, any subscription money received will be refunded at the cost and risk of the applicant without interest. Prospective applicants should inform themselves as to the relevant legal, tax and exchange control regulations in force in the countries of their respective citizenship, residence or domicile.

The Management Company may have agreements with certain Distributors pursuant to which they agree to act as or appoint nominees for Investors subscribing for Shares through their facilities. In such capacity, the Distributor may effect subscriptions, switches, and redemptions of Shares in nominee name on behalf of individual Investors and request the registration of such operations on the register of Shareholders of the Company in nominee name. The Distributor or nominee maintains its own records and provides the Investor information as to its holdings of Shares. Except where local law or custom proscribes the practice, Investors may invest directly in the Company and not avail themselves of a nominee service. Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a Distributor has the right to claim, at any time, direct title to such Shares

Subscriptions in Kind

The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Fund pursuant to its investment policy and restrictions. Any such subscriptions in kind will be made at the net asset value of the assets contributed calculated in accordance with the rules set out in Section 2.3 hereafter and will be subject to an independent auditor’s report

drawn up in accordance with the requirements of Luxembourg law and will be at the subscriber's expense. In circumstances where a transfer of assets between Funds occurs, an independent auditor's report will not be prepared at the time of transfer. The transfer will however be tested as part of the annual audit. Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company.

Anti Money Laundering Procedures

Pursuant to the Luxembourg law of 19 February 1973, as amended, to combat drug addiction, the law of 5 April 1993, as amended, relating to the financial sector, the law of 12 November 2004, as amended, relating to the fight against money laundering and terrorist financing and to the circular of the supervisory authority CSSF 08/387, obligations have been imposed on professionals of the financial sector such as the Company to prevent the use of UCITS funds for the purpose of money laundering and terrorist financing. As a result, the Company requires Investors to provide identification evidence. The application form of an Investor must be accompanied by, in the case of individuals, a copy of a passport or identification card and/or in the case of legal entities, a copy of the constitutional documents and an extract from the commercial register (or alternative depository in accordance with local law). In addition, Investors must provide, on request, information regarding professional or business activities (as appropriate) and the source of funds to be invested. Any copy of the aforementioned documents must be certified to be a true copy by a competent authority (for example, a lawyer, consulate, notary, or other competent authority in accordance with local law). This identification procedure may be waived by the Management Company in the case of a subscription via a credit or financial institution resident in an EEA member country or another country listed within the grand ducal regulation dated 29 July 2008.

Investment Restrictions applying to US Investors

The Company has not been and will not be registered under the United States Investment Company Act of 1940 as amended (the "Investment Company Act"). The Shares of the Company have not been and will not be registered under the United States Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state of the United States of America and such Shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act and such state or other securities laws. The Shares of the Company may not be offered or sold within the United States or to or for the account of any US Person as defined in Rule 902 of Regulation S under the Securities Act.

Rule 902 of Regulation S under the Securities Act defines US Person to include inter alia any natural person resident of the United States and with regards to Investors other than individuals, (i) a corporation or partnership organised or incorporated under the laws of the

US or any state thereof; (ii) a trust (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to US tax on its worldwide income from all sources; or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term "US Person" also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non- US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, unless it is formed and owned by "accredited investors" (as defined in Rule 501 (a) under the Securities Act of 1933) who are not natural persons, estates or trusts.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

2.2 REDEMPTION AND SWITCHING OF SHARES

Redemption Procedure

Redemption instructions accepted by the Management Company on any Dealing Day received before the dealing cut-off as specified in Appendix III, or such other time at the Directors' discretion, will normally be executed at the relevant Net Asset Value per Share, as defined below under "Calculation of Net Asset Value", calculated on the Dealing Day (less any applicable redemption charge). Instructions accepted by the Management Company after the dealing cut-off will normally be executed on the following Dealing Day (less any applicable redemption charge).

However, the Directors may permit, if they deem it appropriate, different dealing cut-off times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different cut-off times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable dealing cut-off time applied to Shareholders must always precede the time when the applicable Net Asset Value is published.

In cases where dealing is suspended in a Fund from which a redemption has been requested, the processing of the redemption will be held over until the next Dealing Day when dealing is no longer suspended. Redemption instructions can only be executed when any previously related transaction has been completed.

Instructions to redeem shares may be given to the Management Company by completing the form requesting redemption of Shares or by letter, facsimile transmission, or other means approved by the Management Company where the account reference and full details of the redemption must be provided. All instructions must be signed by the registered Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney. The power of attorney's form acceptable to the Management Company is available on request.

Redemption Proceeds

Redemption proceeds are normally paid by bank transfer or electronic transfer and will be instructed to be made at no cost to the Shareholder, provided the Management Company is in receipt of all documents required. The settlement period of the redemption proceeds for each Fund is specified in Appendix III. The Company or Management Company are not responsible for any delays or charges incurred at any receiving bank or settlement system nor are they responsible for delays in settlement which may occur due to the timeline for local processing of payments within some countries or by certain banks. Redemption proceeds will normally be paid in the currency of the relevant Class. On request, redemption proceeds paid by bank transfer may be paid in most other currencies on behalf of, at the cost and risk of, the Shareholder.

If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within the settlement period of each Fund specified in Appendix III, (e.g., when the liquidity of the relevant Fund does not permit), payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty Business Days) at the Net Asset Value per Share calculated on the relevant Dealing Day.

If, on the settlement date, banks are not open for business in the country of the settlement currency of the relevant Class, then settlement will be on the next Business Day on which those banks are open.

Switch or redemption requests will be considered binding and irrevocable by the Management Company and will, at the discretion of the Management Company, only be executed where the relevant Shares have been duly issued.

Different settlement procedures may apply if instructions to redeem Shares are communicated via Distributors.

Redemptions in Kind

The Directors may from time to time permit redemptions in kind. Any such redemption in kind will be valued in accordance with the requirements of Luxembourg Law. In case of a redemption in kind, Shareholders will have to bear costs incurred by the redemption in kind (mainly costs resulting from drawing-up of the independent auditor's report) unless the Company considers that the redemption in kind is in its own interest or made to protect its own interests. Requests for redemptions in kind may only be accepted if the total Net Asset Value of the Shares to be redeemed in a Fund is at least EUR 10,000,000 or near currency equivalent, unless otherwise determined from time to time by the Directors.

Switching Procedure

A switch transaction is a transaction by which the holding of a Shareholder into a Class (the "original Class") is converted into another Class (the "new Class") either within the same Fund or in different Funds within the Company.

Acceptance by the Management Company of switching instructions will be subject to the availability of the new Class and to the compliance with any eligibility requirements and/or other specific conditions attached to the new Class (such as minimum subscription and holding amounts). The switching procedure is processed as a redemption from the original Class (the "Class Redemption") followed by a subscription into the new Class (the "Class Subscription").

Switching instructions accepted by the Management Company on any Dealing Day which is common to the original and the new Class before the dealing cut-off as specified in Appendix III, or such other time at the Directors' discretion, will normally be executed based on the relevant Net Asset Values per Share of both Classes on such Dealing Day (less any applicable switching charge). By derogation, if the settlement period in the new Class is shorter than that of the original Class, the Class Subscription will be deferred to match the settlement date for the Class Redemption. In such case, the switch transaction will be based, for the Class Redemption, on the Net Asset Value as of the Dealing Day the switching instruction is received (before the dealing cut-off as specified in Appendix III) and, for the Class Subscription, on the Net Asset Value of the new Class on the applicable Dealing Day postponed in order to align the settlement dates of both the original and the new Classes.

If the original and new Classes are subject to different Dealing Days, the Class Redemption will be dealt with on the Dealing Day relating to the receipt of the switching instruction (as specified in Appendix III) and the Class Subscription will be executed at the next earliest Dealing Day applicable for the new Class provided that in no circumstances the settlement for the Class Subscription will precede the Class Redemption. If possible both settlement periods will be aligned. Where the Class Redemption is settled before the Class Subscription the redemption proceeds will remain on the Company's collection

account and no interest will accrue to the benefit of the Shareholder.

The Directors may permit, if they deem it appropriate, different dealing cut-off times to be determined in justified circumstances, such as distribution to Investors in jurisdictions with a different time zone. Such different cut-off times may either be specifically agreed upon with Distributors or may be published in any supplement to the Prospectus or other marketing document used in the jurisdiction concerned. In such circumstances, the applicable dealing cut-off time applied to Shareholders must always precede the valuation point.

In cases where dealing is suspended in a Fund from or to which a switch has been requested, the processing of the switch will be held over until the next common Dealing Day where dealing is no longer suspended. The switching procedures described above will continue to apply.

Instructions to switch Shares may be given to the Management Company by completing the switch form or by letter, facsimile transmission or other means approved by the Management Company where the account reference and the number of Shares to be switched between named Classes of Shares and Funds must be provided. All instructions must be signed by the Shareholders, except where sole signatory authority has been chosen in the case of a joint account holding or where a representative has been appointed following receipt of a completed power of attorney. The power of attorney's form acceptable to the Management Company is available on request.

The Directors may, at their discretion, allow certain selected Distributors to make a charge for switching which shall not exceed 1% of the value of the Share being requested to be switched.

The same principles may apply if Investors instruct switches between investment funds belonging to different legal structures within Schrodgers' fund ranges.

Shareholders should seek advice from their local tax advisers to be informed on the local tax consequences of such transactions.

General

The value of Shares held by any Shareholder in any one Class of Shares after any switch or redemption should generally exceed the minimum investment set forth under 1.3 "Classes of Shares" for each Class of Shares.

Unless waived by the Management Company, if, as a result of any switch or redemption request, the amount invested by any Shareholder in a Class of Shares in any one Fund falls below the minimum holding for that Class of Shares, it will be treated as an instruction to redeem or switch, as appropriate, the Shareholder's total holding in the relevant Class.

Confirmations of transactions will normally be dispatched by the Management Company on the next Business Day after Shares are switched or redeemed. Shareholders should promptly check these confirmations to ensure that they are correct in every detail. Delay in providing the relevant documents may cause the instruction to be delayed or lapse and be cancelled. Due to the settlement period necessary for redemptions, switch transactions will not normally be completed until the proceeds from the redemption are available.

Different redemption and switching procedures may apply if instructions to switch or redeem Shares are communicated via Distributors.

All instructions to redeem or switch Shares shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Dealing Day.

Third party payments will only be accepted at the Management Company's discretion.

2.3 CALCULATION OF NET ASSET VALUE

Calculation of the Net Asset Value per Share

- (A) The Net Asset Value per Share of each Class will be calculated on each Dealing Day in the currency of the relevant Class. It will be calculated by dividing the net asset value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded to the nearest two decimal places.
- (B) If on any Dealing Day the aggregate transactions in Shares of a Fund result in a net increase or decrease of Shares which exceeds a threshold set by the Directors from time to time for that Fund (relating to the cost of market dealing for that Fund), the Net Asset Value of the Fund will be adjusted by an amount (not exceeding 2% of that Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the Fund invests. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. Please see the "Dilution" and "Dilution Adjustment" sections below for more details.
- (C) The Directors reserve the right to allow the Net Asset Value per Class to be calculated more frequently than specified in Appendix III, or to otherwise alter dealing arrangements on a permanent or a temporary basis, for example, where the Directors consider that a material change to the market value of the investments in one or more

Funds so demands. The Prospectus will be amended, following any such permanent alteration, and Shareholders will be informed accordingly.

(D) In valuing total assets, the following rules will apply:

- (1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof.
- (2) The value of such securities, financial derivative instruments and assets will be determined on the basis of the last available price on the stock exchange or any other Regulated Market as aforesaid on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or by more than one stock exchange or any other Regulated Market, the Directors shall make regulations for the order of priority in which stock exchanges or other Regulated Markets shall be used for the provisions of prices of securities or assets.
- (3) If a security is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities so traded or admitted the last available price of which does not reflect their true value, the Directors are required to proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.
- (4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organized market are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative. The reference to fair value shall be understood as a reference to the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction. The reference to reliable and verifiable valuation shall be understood as a reference to a valuation, which does not rely only on market quotations of the counterparty and fulfils the following criteria:
 - (a) The basis of the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate, recognised methodology.
 - (b) Verification of the valuation is carried out by one of the following:

- (i) an appropriate third party which is independent from the counterparty of the OTC derivative, at an adequate frequency and in such a way that the Company is able to check it;
 - (ii) a unit within the Company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.
- (5) Units or shares in undertakings for collective investments shall be valued on the basis of their last available net asset value as reported by such undertaking.
- (6) Liquid assets and money market instruments held within the Liquidity Funds will usually be valued on an amortised cost basis.
- (7) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Company's assets, the Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
- (8) Any assets or liabilities in currencies other than the base currency of the Funds (the "Fund Currency") will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

Dilution

The Funds are single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Fund. This is known as "dilution." In order to counter this and to protect Shareholders' interests, the Management Company will apply "swing pricing" as part of its valuation policy. This will mean that in certain circumstances the Management Company will make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

Dilution Adjustment

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switches and redemptions received by a Fund on each Dealing Day. The Management Company therefore reserves the right to make a dilution adjustment where a Fund experiences a net cash movement which exceeds a threshold set by the Directors from time to time of the previous Dealing Day's total Net Asset Value.

The Management Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

Where a dilution adjustment is made, it will typically increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in the Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class identically.

As dilution is related to the inflows and outflows of money from the Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Management Company will need to make such dilution adjustments.

Because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but will not exceed 2% of the relevant Net Asset Value.

The Directors are authorised to apply other appropriate valuation principles for the assets of the Funds and/or the assets of a given Class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

2.4 SUSPENSIONS OR DEFERRALS

- (A) The Company reserves the right not to accept instructions to redeem or switch on any one Dealing Day more than 10% of the total value of Shares in issue of any Fund. In these circumstances, the Directors may declare that the redemption of part or all Shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next Dealing Day and will be valued at the Net Asset Value per Share prevailing on that Dealing Day. On such Dealing Day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the Management Company.
- (B) The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty Business Days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of a Fund are invested or in exceptional circumstances where the liquidity of a Fund is not sufficient to meet the redemption requests.
- (C) The Company may suspend or defer the calculation of the net asset value of any Class of Shares in any Fund and the issue and redemption of any Class in such Fund,

as well as the right to switch Shares of any Class in any Fund into Shares of the same Class of the same Fund or any other Fund:

- (a) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Company's investments of the relevant Class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or
 - (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Fund by the Company is impracticable; or
 - (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange; or
 - (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or
 - (e) if the Company is being or may be wound-up on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind up the Company is proposed; or
 - (f) if the Directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable to a particular Class of Shares in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or
 - (g) during any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment.
- (D) The suspension of the calculation of the net asset value of any Fund or Class shall not affect the valuation of other Funds or Classes, unless these Funds or Classes are also affected.
- (E) During a period of suspension or deferral, a Shareholder may withdraw his request in respect of any Shares not redeemed or switched, by notice in writing received by the Management Company before the end of such period.

Shareholders will be informed of any suspension or deferral as appropriate.

2.5 MARKET TIMING AND FREQUENT TRADING POLICY

The Company does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

For the purposes of this section, market timing is held to mean subscriptions into, switches between or redemptions from the various Classes of Shares (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, switches between or redemptions from the various Classes of Shares (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Fund's other Shareholders.

Accordingly, the Directors may, whenever they deem it appropriate, cause the Management Company to implement either one, or both, of the following measures:

- The Management Company may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Directors reserve the right to cause the Management Company to reject any application for switching and/or subscription of Shares from Investors whom the former considers market timers or frequent traders.

- If a Fund is primarily invested in markets which are closed for business at the time the Fund is valued, the Directors may, during periods of market volatility, and by derogation from the provisions above, under "Calculation of Net Asset Value", cause the Management Company to allow for the Net Asset Value per Share to be adjusted to reflect more accurately the fair value of the Fund's investments at the point of valuation.

In practice, the securities of Funds investing in non-European markets are usually valued on the basis of the last available price at the time when the Net Asset Value per Share is calculated. The time difference between the close of the markets in which a Fund invests and the point of valuation can be significant. For example, in the case of US traded securities the last available price may be as much as 17 hours old. Developments that could affect the value of these securities, which occur between the close of the markets and the point of valuation, will not, therefore, normally be reflected in the Net Asset Value per Share of the relevant Fund.

As a result, where the Directors believe that a significant event has occurred between the close of the markets in which a Fund invests and the point of valuation, and that such

event will materially affect the value of that Fund's portfolio, they may cause the Management Company to adjust the Net Asset Value per Share so as to reflect what is believed to be the fair value of the portfolio as at the point of valuation.

The level of adjustment will be based upon the movement in a chosen surrogate up until the point of valuation, provided that such movement exceeds the threshold as determined by the Directors for the relevant Fund. The surrogate will usually be in the form of a futures index, but might also be a basket of securities, which the Directors believe is strongly correlated to, and representative of, the performance of the Fund.

Where an adjustment is made as per the foregoing, it will be applied consistently to all Classes of Shares in the same Fund.

As at the date of issue of this Prospectus, the measure described above, known as fair value pricing is not being applied to any Funds. The Directors, however, reserve the right to implement fair value pricing whenever they deem it appropriate.

3. GENERAL INFORMATION

3.1 ADMINISTRATION DETAILS, CHARGES AND EXPENSES

Directors

Each of the Directors of the Company is entitled to remuneration for his services at a rate determined by the Company in the general meeting from time to time. In addition, each Director may be paid reasonable expenses incurred while attending meetings of the Board of Directors or general meetings of the Company. Directors of the Company who are also directors/employees of the Management Company and/or any Schroders' company will waive their Directors' remuneration. External Directors will be remunerated for their services, though Jacques Elvinger does not receive any direct remuneration for serving as a Director. However, he is a partner at Elvinger, Hoss & Prussen, the Principal Legal Adviser of the Company, which receives fees in that capacity.

Management Company

The Directors have appointed Schroder Investment Management (Luxembourg) S.A. as its management company to perform investment management, administration and marketing functions as described in Annex 2 of the Law on Collective Investment Undertakings dated 20 December 2002 (the "Law of 20 December 2002").

The Management Company has been permitted by the Company to delegate certain administrative, distribution and management functions to specialised service providers. In that context, the Management Company has delegated certain administration functions to

J.P. Morgan Bank (Luxembourg) S.A. and may delegate certain marketing functions to entities which form part of the Schroders group. The Management Company has also delegated certain management functions to the Investment Managers as more fully described below.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give at any time further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company is entitled to receive the customary charges for its services as administration agent, coordinator, domiciliary agent, global distributor, principal paying agent and registrar and transfer agent. These fees accrue on each Dealing Day at an annual rate of up to 0.4% by reference to the Net Asset Value of the relevant Fund and are paid monthly in arrears. These fees are subject from time to time to review by the Management Company and the Company. The Management Company is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred in carrying out its duties.

Schroder Investment Management (Luxembourg) S.A. was incorporated as a "Société Anonyme" in Luxembourg on 23 August 1991 and has an issued and fully paid up share capital of EUR 12,650,000. Schroder Investment Management (Luxembourg) S.A. has been authorised as a management company under chapter 13 of the Law of 20 December 2002 and, as such, provides collective portfolio management services to undertakings for collective investment.

The Management Company is also acting as management company for three other Luxembourg domiciled Société d'Investissement à Capital Variable: Schroder International Selection Fund, Schroder Alternative Solutions, and Strategic Solutions.

The directors of the Management Company are:

Markus Ruetimann, Group Head of Operations and Information Technology, Schroder Investment Management Limited,

Noel Fessey, Managing Director, Schroder Investment Management (Luxembourg) S.A.

Gary Janaway, Director of Operations, Schroder Investment Management (Luxembourg) S.A.

Marco Zwick, Global Head of Compliance, Schroder Investment Management (Luxembourg) S.A.

Finbarr Browne, Head of Finance, Schroder Investment Management (Luxembourg) S.A.

Christian Cano, General Counsel (Asset Management), Schroder Investment Management Limited.

Investment Managers

The Investment Managers may on a discretionary basis acquire and dispose of securities of the Funds for which they have been appointed as investment adviser and manager, subject to and in accordance with instructions received from the Management Company and/or the Company from time to time, and in accordance with stated investment objectives and restrictions. The Investment Managers are entitled to receive as remuneration for their services management fees, as specified in Appendix III. Such fees are calculated and accrued on each Dealing Day by reference to the Net Asset Values of the Funds and paid monthly in arrears.

Marketing of the Shares and terms applying to Distributors

The Management Company shall perform its marketing functions by appointing and, as the case may be, terminating, coordinating among and compensating third party distributors of good repute in the countries where the Shares of the Funds may be distributed or privately placed. Third party distributors shall be compensated for their distribution, shareholder servicing and expenses. Third party distributors may be paid a portion or all of the initial charge, distribution charge, shareholder servicing fee, and management fee.

Distributors may only market the Company's Shares if the Management Company has authorised them to do so.

Distributors shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. Distributors shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients.

Distributors must not act in any way that would be damaging or onerous on the Company in particular by submitting the Company to regulatory, fiscal or reporting information it would otherwise not have been subject to. Distributors must not hold themselves out as representing the Company.

Structured Products

Investment in the Shares for the purpose of creating a structured product replicating the performance of the Funds is only permitted after entering into a specific agreement to this effect with the Management Company. In the absence of such an agreement, the Management Company can refuse an investment into the Shares if this is related to a structured product and deemed by the Management Company to potentially conflict with

the interest of other Shareholders.

Custodian

JP Morgan Bank Luxembourg S.A. has been appointed as Custodian of the Company. J.P. Morgan Bank Luxembourg S.A. was incorporated as a “Société Anonyme” for an unlimited duration on May 16, 1973 and has its registered office at European Bank & Business Centre, 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. On 30 April 2008,, its capital reserves amounted to USD 502,829,759 The principal activities of JP Morgan Bank Luxembourg S.A. are custodial and investment administration services.

All cash, securities and other assets constituting the assets of the Company shall be held under the control of the Custodian on behalf of the Company and its Shareholders. The Custodian shall ensure that the issue and redemption of Shares in the Company and the application of the Company’s income are carried out in accordance with the provisions of Luxembourg law and the Articles, and the receipt of funds from transactions in the assets of the Company are received within the usual time limits. The Custodian may receive a fee in relation to these fiduciary services, which is set at a rate of up to 0.005% per annum of the Net Asset Value of the Company.

The Custodian will receive from the Company such fees and commissions as are in accordance with usual practice in Luxembourg as well as accounting fees covering the Company's accounting. The custody safe keeping services and transaction fees are paid on a monthly basis and calculated and accrued on each Dealing Day. The percentage rate of the safekeeping fee and the level of transaction fees vary, according to the country in which the relevant activities take place, up to a maximum of 0.5% per annum and USD 150 per transaction respectively.

Fees relating to fund accounting and valuation are calculated and accrued on each Dealing Day at an annual rate of up to 0.020% of the Net Asset Value, subject to an annual minimum fee of USD 20,000. Additional fees may be due from each Fund for additional services such as non-standard valuations, additional accounting services, for example performance fee calculations; and for tax reporting services.

Fiduciary fees, custody safekeeping and transaction fees, together with fund accounting and valuation fees, may be subject to review by the Custodian and the Company from time to time. In addition, the Custodian is entitled to any reasonable expenses properly incurred in carrying out its duties.

The amounts paid to the Custodian will be shown in the Company’s financial statements.

The Custodian has also been appointed to act as listing agent for the Company in relation to the listing of its Shares on the Luxembourg Stock Exchange and will receive customary fees for the performance of its duties as such.

Other Charges and Expenses

The Company will pay all charges and expenses incurred in the operation of the Company including, without limitation, taxes, expenses for legal and auditing services, brokerage, governmental duties and charges, stock exchange listing expenses and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the Shares of the Company may be marketed in different countries; expenses incurred in the issue and redemption of Shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of Share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs of printing proxies, statements, Share certificates or confirmations of transactions, Shareholders' reports, prospectuses and supplementary documentation, explanatory brochures and any other periodical information or documentation.

In addition to standard banking and brokerage charges paid by the Company, Schroders' companies providing services to the Company may receive payment for these services. Investment Managers may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Company, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Company. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice.

3.2 PERFORMANCE FEES

In consideration of the services provided by the respective Investment Managers in relation to the Funds, the former are entitled to receive a performance fee, in addition to management fees. It should also be noted that the performance fee is calculated prior to any dilution adjustments.

A. Performance Fees – Using benchmark with a High Water Mark

The performance fee becomes due in the event of outperformance, that is if the increase in the Net Asset Value per Share of the relevant Fund during the relevant performance period exceeds the increase in the relevant benchmark (see below) over the same period, in accordance with the high water mark principle, i.e. by reference to the highest Net Asset Value per Share of the Fund at the end of any previous performance period (the High Water Mark). The performance period shall normally be from 1 January to 31 December in each year except that where the Net Asset Value per Share of a Fund as at 31 December is lower than the High Water Mark, the performance period will commence on the date of the High Water Mark. If a performance fee is introduced on an additional Fund during a

calendar year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee, if applicable, is specified for each Fund in the Fund Details section in Appendix III, and is payable yearly during the month immediately following the end of each calendar year.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the same Fund, which therefore may become subject to different amounts of performance fee.

A Fund's performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day (before deduction of any provision for the performance fee) and the higher of the Target Net Asset Value per Share (i.e. the hypothetical Net Asset Value per Share assuming a performance based on the benchmark (see below) until the preceding Dealing Day) or the High Water Mark, multiplied by the average number of Shares in issue over the period from the start of the performance period to the relevant Dealing Day.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Fund's performance, positive or negative, calculated as described above. If the Net Asset Value per Share on any given Dealing Day is lower than the Target Net Asset Value or the High Water Mark, the provision made on such Dealing Day is returned to the Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Managers pay money into any Fund or to any Shareholder for any underperformance.

B. Performance Fees – Using benchmark without a High Water Mark

The performance fee is due in the event of outperformance, that is, if the performance, positive or negative, of the Net Asset Value per Share of the relevant Fund exceeds the performance of the relevant benchmark (see below) over the same period. The performance period shall normally be from 1 January to 31 December in each year except in the event of underperformance, when the performance fee period will continue into the following year and thereafter in the event of continued underperformance. If a performance fee is introduced on an additional Fund during a calendar year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee, if applicable, is specified for each Fund in the Fund Details section in Appendix III, and is payable yearly during the month immediately following the end of each calendar year.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share

Classes within the same Fund, which therefore may become subject to different amounts of performance fee.

A Fund's performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share on the preceding Dealing Day (before deduction of any provision for the performance fee) and the Target Net Asset Value per Share (i.e. the hypothetical Net Asset Value per Share assuming a performance based on the benchmark (see below) until the preceding Dealing Day), multiplied by the average number of Shares in issue over the period from the start of the performance period to the relevant Dealing Day.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Fund's performance, positive or negative, calculated as described above. If the Net Asset Value per Share on any given Dealing Day is lower than the Target Net Asset Value, the provision made on such Dealing Day is returned to the Fund. The accounting provision may, however, never be negative. Under no circumstances will the respective Investment Managers pay money into any Fund or to any Shareholder for any underperformance

C. Performance Fees – On absolute returns with a High Water Mark

The performance fee becomes due in the event of outperformance, that is if the Net Asset Value per Share of the relevant Fund at the end of the relevant performance period exceeds the High Water Mark, i.e. by reference to the highest Net Asset Value per Share of the relevant Fund at the end of any previous performance period (the High Water Mark). The performance period shall normally be from 1 January to 31 December in each year except that where the Net Asset Value per Share of a Fund as at 31 December is lower than the High Water Mark, the performance period will commence on the date of the High Water Mark. If a performance fee is introduced on an additional Fund during a calendar year, then its first performance period will commence on the date on which such fee is introduced.

The performance fee, if applicable, is specified for each Fund in the Fund Details section in Appendix III, and is payable yearly during the month immediately following the end of each calendar year.

It should be noted that as the Net Asset Value per Share may differ between Share Classes, separate performance fee calculations will be carried out for separate Share Classes within the Fund, which therefore may become subject to different amounts of performance fee.

The Fund's performance fee is accrued on each Dealing Day, on the basis of the difference between the Net Asset Value per Share of the relevant Fund on the preceding Dealing Day (before deduction of any provision for the performance fee) and the High

Water Mark, multiplied by the average number of Shares in issue over the period from the start of the performance period to the relevant Dealing Day.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Fund's performance, positive or negative, calculated as described above. If the Net Asset Value per Share of the relevant Fund on any given Dealing Day is lower than the High Water Mark, the provision made on such Dealing Day is returned to the Fund. The accounting provision may, however, never be negative. Under no circumstances will the Investment Manager pay money into the Fund or to any Shareholder for any underperformance.

At the time of issue of this Prospectus, the relevant Funds and Share Classes in relation to which a performance fee may be introduced are specified in the Fund Details in Appendix III, as appropriate. For the avoidance of doubt, the benchmarks mentioned in Appendix III are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style.

3.3 COMPANY INFORMATION

1. The Company is an umbrella structured open-ended investment company with limited liability, organised as a "société anonyme" and qualifies as a "Société d'Investissement à Capital Variable" ("SICAV") under part I of the Law of 20 December 2002. The Company was incorporated on 7 February 1997 and its Articles were published in the Mémorial on 11 March 1997. The Articles were last amended on 26 May 2009 by a notarial deed and were published in the Mémorial on 16 June 2009.

The Company is registered under Number B-58066 with the "Registre de Commerce et des Sociétés", where the Articles of the Company have been filed and are available for inspection. The Company exists for an indefinite period.

2. The minimum capital of the Company required by Luxembourg law is the equivalent in USD of EUR 1,250,000. The share capital of the Company is represented by fully paid Shares of no par value and is at any time equal to its net asset value. Should the capital of the Company fall below two thirds of the minimum capital, an Extraordinary Meeting of Shareholders must be convened to consider the dissolution of the Company. Any decision to liquidate the Company must be taken by a majority of the Shares present or represented at the meeting. Where the share capital falls below one quarter of the minimum capital, the Directors must convene an Extraordinary Meeting of Shareholders to decide upon the liquidation of the Company. At that Meeting, the decision to liquidate the Company may be taken by Shareholders holding together one quarter of the Shares present or represented.

3. The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into:

- Fund Services Agreement between the Company and Schroder Investment Management (Luxembourg) S.A., under which the Company appoints Schroder Investment Management (Luxembourg) S.A. as its Management Company.
- Global Custody Agreement between the Company and JP Morgan Bank Luxembourg S.A.

The material contracts listed above may be amended from time to time by agreement between the parties thereto.

Documents of the Company

Copies of the Articles, Prospectus and financial reports may be obtained free of charge and upon request, from the registered office of the Company. The material contracts referred to above are available for inspection during normal business hours, at the registered office of the Company.

Historical Performance of the Funds

Past performance information for each Fund, in operation for more than one financial year of the Company, is carried in that Fund's Simplified Prospectus, which is available from the registered office of the Company and on the internet at <http://www.schroders.lu>.

Queries and Complaints

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Compliance Officer, Schroder Investment Management (Luxembourg) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Grand Duchy of Luxembourg.

3.4 DIVIDENDS

Dividend Policy

It is intended that the Company will distribute dividends to holders of Distribution Shares in the form of cash in the relevant Fund Currency. Annual dividends are declared separately in respect of Distribution Shares at the Annual General Meeting of Shareholders and the Directors will declare such dividends as are necessary to meet the requirements of UK Distributor Status rules for Schroder Special Situations Fund QEP Japanese Core and Schroder Special Situations Fund Sterling Liquidity Plus. In addition, the Directors may declare interim dividends in respect of Distribution Shares.

The Board may decide that dividends be automatically reinvested by the purchase of further Shares. However, no dividends will be distributed if their amount is below the amount of EUR 50 or its equivalent. Such amount will automatically be reinvested in new Shares.

Dividends to be reinvested will be paid to the Management Company who will reinvest the money on behalf of the Shareholders in additional Shares of the same Class. Such Shares will be issued on the payment date at the Net Asset Value per Share of the relevant Class in non-certificated form. Fractional entitlements to registered Shares will be recognised to two decimal places.

Dividends due on Shares remaining unclaimed five years after the dividend record date will be forfeited and will accrue for the benefit of the relevant Fund.

3.5 TAXATION

The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg. It is therefore subject to any future changes.

Taxation of the Company

The Company is not subject to any taxes in Luxembourg on income or capital gains. The only tax to which the Company in Luxembourg is subject is the “taxe d’abonnement” to a rate of 0.05% per annum based on the net asset value of each Fund at the end of the relevant quarter, calculated and paid quarterly. In respect of any Class or Fund which comprises only institutional investors (within the meaning of article 129 of the Law of 20 December 2002), the tax levied will be at the rate of 0.01% per annum.

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the countries of origin. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

Taxation of Shareholders

Shareholders are not normally subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in Luxembourg except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg, and except for certain former residents of Luxembourg and non-residents if owning more than 10% of the share capital of the Company, disposing of it in whole or part within six months of acquisition.

Shareholders should consult their tax advisers for a more detailed analysis of tax issues arising for them from investing in the Company.

EU Tax Considerations for individuals resident in the EU or in certain third countries or dependent or associated territories

On 3 June 2003 the European Union ("EU") adopted Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Directive"). Under the Directive, member states of the EU ("Member States") in whose jurisdiction a paying agent (as defined in the Directive) pays interest or other similar income to an individual who is resident in another Member State for tax purposes must provide the tax authorities of that other Member State with detailed information about such payments. Austria, Belgium and Luxembourg have, for a transitional period, the right not to do so provided that they must instead withhold tax on such payments. Switzerland, Monaco, Liechtenstein, Andorra and San Marino and the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.

Luxembourg's law of 21 June 2005 (the "Law") implemented the Directive.

Dividends distributed by any of the Company's Funds will be subject to the Directive and the Law if more than 15% of that Fund's assets are invested in debt claims (as defined in the Law). Proceeds realised by Shareholders on the redemption or sale of Shares in a Fund will be subject to the Directive and the Law if more than 40% of that Fund's assets are invested in debt claims.

The applicable withholding tax will be at a rate of 20% until 30 June 2011 and 35% from 1 July 2011 onwards.

Subject to the provisions of the immediately following paragraph, if a Luxembourg paying agent pays dividends or redemption proceeds directly to a Shareholder who is an individual resident for tax purposes in another Member State or certain of the above mentioned dependent or associated territories, such payment will be subject to withholding tax at the rate described above.

No tax will be withheld by a Luxembourg paying agent if the relevant individual either (i) expressly instructs the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) presents to the paying agent a certificate, which was drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes. Information on how to instruct the Company's Luxembourg paying agent to report information to the tax authorities of other Member States is available from the Company's registered office. Shareholders may instruct the paying agent to report such information at any time.

The Company reserves the right to reject any application for Shares if the information provided by the applicant does not satisfy the requirements of the Law.

The Company does not provide legal or tax advice and accepts no responsibility for its Shareholders' actions under the Directive or the Law. Shareholders who need further advice should seek it from independent professional advisors.

UK Tax Considerations

UK Distributor Status

The C (Inst.) Distribution Share Classes of the Schroder Special Situations Fund QEP Japanese Core and the Distribution Share Classes of the Schroder Special Situations Fund Sterling Liquidity Plus are managed with a view to them qualifying as 'distribution share classes' for taxation purposes. Provided distributor status is obtained, any capital gain on disposal of distributing Shares will not be reclassified as an income gain under the UK's offshore fund rules.

Distributions

With effect from 22 April 2009, distributions paid by Funds that hold more than 60% of their assets in interest-bearing, or economically similar, form at any quarter end date in an accounting period will be treated as a payment of annual interest for UK resident individual investors. The distribution will be subject to tax at the rates applying to interest (currently 10%, 20% and 40%).

Also with effect from 22 April 2009, distributions paid by Funds that have no more than 60% of their assets in interest-bearing form at the quarter end dates will be treated as foreign dividends bearing a non-payable dividend tax credit for UK resident individual investors. The dividend will be subject to tax at the rates applying to dividends (currently 10% and 32.5%), and the tax credit will partly or fully satisfy the UK tax liability of the investor. Investors liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax (equivalent to 25% of their net receipt). Non-taxpayers may not reclaim the tax credits on dividend distributions.

Before 22 April 2009, distributions received from any of the Funds by UK resident individuals were treated as foreign dividends received with no associated dividend tax credit, and were subject to tax at the rates applying to dividends.

Equalisation

The Company operates equalisation arrangements. Equalisation applies to Shares purchased during a Distribution Period. The amount of income, calculated daily and included in the purchase price of all Group 2 (refer below for a definition) Shares is refunded to holders of these Shares as a return of capital. Being capital it is not liable to income tax but should be deducted from the cost of Shares for the purpose of taxation on capital gains. The aim of operating equalisation is to relieve new investors in the fund from

the liability to tax on income already accrued in the Shares they acquire. Equalisation will not affect Shareholders who own their Shares for the whole of a Distribution Period.

Where Shareholders dispose of their Shares during a Distribution Period, payments made to them in respect of such disposals will include an income component (to reflect the share of accrued income since the beginning of the accounting year or last distribution date) with the balance representing the capital value of the Shares. That portion of the disposal proceeds which comprises accrued income (“income on redemption”) is subject to UK tax as income.

The daily income element of the C (Inst.) Distribution Share Classes of the Schroder Special Situations Fund QEP Japanese Core and the Distribution Share Classes of the Schroder Special Situations Fund Sterling Liquidity Plus will be held on a database and will be made available upon request from the Company’s registered office or online at (<http://www.schroders.com/equalisation>).

Guidance will be provided to enable UK resident Shareholders to calculate their tax position as follows:

- (A) Group 1 Shareholders - those invested in the C (Inst.) Distribution Share Classes of the Schroder Special Situations Fund QEP Japanese Core^a and the Distribution Share Classes of the Schroder Special Situations Fund Sterling Liquidity Plus for the whole Distribution Period will receive a cash dividend taxable entirely as income. No further information is required.
- (B) Group 2 Shareholders - those who invested in the C (Inst.) Distribution Share Classes of the Schroder Special Situations Fund QEP Japanese Core and the Distribution Share Classes of the Schroder Special Situations Fund Sterling Liquidity Plus part way through the Distribution Period and who still hold those Shares at the period end will receive a dividend comprising both income and capital. Shareholders will need to obtain or access the database to ascertain the income element of the price at the date of acquisition of their relevant holding. This element of the distribution is to be deducted from the capital gains base cost of shareholding. The remaining element of the distribution is taxable as income.
- (C) Redemptions proceeds made from the C (Inst.) Distribution Share Classes of the Schroder Special Situations Fund QEP Japanese Core and the Distribution Share Classes of the Schroder Special Situations Fund Sterling Liquidity Plus during the Distribution Period include an element of income accrued since the beginning of the Distribution Period. Shareholders will need to obtain or access the database to ascertain the income element of the Net Asset Value at the time of their disposal and tax this element as income. The balance represents the proceeds for capital gains tax purposes.

General

The foregoing is based on the Directors' understanding of the law and practice in force at the date of this document and applies to Investors acquiring Shares in the Company as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences of buying, holding, transferring, switching, redeeming or otherwise dealing in the Company's Shares under the laws of their countries of citizenship, residence and domicile.

3.6 MEETINGS AND REPORTS

Meetings

The Annual General Meeting of Shareholders of the Company is held in Luxembourg on the last Tuesday of May in each year at 10:00 a.m. or, if such day is not a Business Day, on the next Business Day. For all General Meetings of Shareholders notices are sent to registered Shareholders by post at least 8 days prior to the meeting. Notices will be published in the Mémorial and in a Luxembourg newspaper (if legally required) and in such other newspapers as the Directors may decide. Such notices will include the agenda and specify the place of the meeting. The legal requirements as to notice, quorum and voting at all General and Fund or Class Meetings are included in the Articles. Meetings of Shareholders of any given Fund or Class shall decide upon matters relating to that Fund or Class only.

Reports

The financial year of the Company ends on 31 December each year. An abridged version of the audited annual report of the Company will be made available upon request to Shareholders ahead of the Annual General Meeting of Shareholders. This abridged version encloses the report of the Directors, a statement of the net assets of the Funds and statistical information, a statement of operations and of changes in net assets of the Funds, notes to the financial statements and the independent Auditors' report. The unaudited half-yearly report and full version of the audited annual report will also be prepared and made available free of charge through the Schroder Investment Management (Luxembourg) S.A. internet site, <http://www.schroders.lu> and registered office of the Company. Such reports form an integral part of this Prospectus. Copies of the annual, semi-annual and financial reports may be obtained from the Schroder Investment Management (Luxembourg) S.A. internet site, <http://www.schroders.lu> and are available free of charge from the registered office of the Company.

3.7 DETAILS OF SHARES

Shareholder rights

(A) The Shares issued by the Company are freely transferable and entitled to participate equally in the profits, and, in case of Distribution Shares, dividends of the Classes to which they relate, and in the net assets of such Class upon liquidation. The Shares carry no preferential and pre-emptive rights.

(B) Voting:

At General Meetings, each Shareholder has the right to one vote for each whole Share held.

A Shareholder of any particular Fund or Class will be entitled at any separate meeting of the Shareholders of that Fund or Class to one vote for each whole Share of that Fund or Class held.

In the case of a joint holding, only the first named Shareholder may vote.

(C) Compulsory redemption:

The Directors may impose or relax restrictions on any Shares and, if necessary, require redemption of Shares to ensure that Shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Company including a requirement to register under the laws and regulations of any country or authority. The Directors may in this connection require a Shareholder to provide such information as they may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

If it shall come to the attention of the Directors at any time that Shares are beneficially owned by a United States Person, the Company will have the right to effect compulsory redemption of such Shares.

Transfers

The transfer of registered Shares may be effected by delivery to the Management Company of a duly signed stock transfer form in appropriate form together with, if issued, the relevant certificate to be cancelled.

Rights on a winding-up

The Company has been established for an unlimited period. However, the Company may be liquidated at any time by a resolution adopted by an Extraordinary Meeting of Shareholders, at which meeting one or several liquidators will be named and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net proceeds of liquidation corresponding to each Fund shall be distributed by the liquidators to the Shareholders of the relevant Fund in proportion to the value of their holding of Shares.

If and when the net assets of all Classes in a Fund are less than EUR 50,000,000¹ or its equivalent in another currency, or if any economic or political situation would constitute a compelling reason therefore, or if required in the interest of the Shareholders of the relevant Fund, the Directors may decide to redeem all the Shares of that Fund. In any such event Shareholders will be notified by redemption notice published (or notified as the case may be) by the Company in accordance with applicable Luxembourg laws and regulations prior to compulsory redemption, and will be paid the Net Asset Value of the Shares of the relevant Class held as at the redemption date.

Under the same circumstances as described above, the Directors may decide to merge any Fund with one or more other Funds or merge any Fund into other collective investment undertakings governed by Part I of the Law of 20 December 2002 or reorganise the Shares of a Fund into two or more Classes or combine two or more Classes of Shares into a single Class providing in each case it is in the interests of Shareholders of the relevant Funds. Publication or notification of the decision will be made as described above including details of the merger and will be made, where required, at least one calendar month prior to the merger taking effect during which time Shareholders of the Fund or Classes of Shares to be merged may request redemption of their Shares free of charge.

The decision to merge or liquidate a Fund may also be made at a meeting of Shareholders of the particular Fund concerned.

Under the same circumstances as described above, the Directors may also decide upon the reorganisation of any Fund by means of a division into two or more separate Funds. Such decision will be published or notified in the same manner as described above and, in addition, the publication or notification will contain information in relation to the two or more separate Funds resulting from the reorganisation. Such publication or notification will be made at least one month before the date on which the reorganisation becomes effective in order to enable Shareholders to request redemption or switch of their Shares, before the reorganisation becomes effective.

Any liquidation proceeds remaining unclaimed after a period of six months will be deposited in escrow at the "Caisse de Consignation". Amounts not claimed from escrow

within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

3.8 POOLING

For the purpose of effective management, and subject to the provisions of the Articles and to applicable laws and regulations, the Management Company may invest and manage all or any part of the portfolio of assets established for two or more Funds (for the purposes hereof "Participating Funds") on a pooled basis. Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Management Company may from time to time make further transfers to each asset pool. Assets may also be transferred back to a Participating Fund up to the amount of the participation of the Class concerned. The Share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Management Company shall, in its discretion, determine the initial value of notional units (which shall be expressed in such currency as the Management Company considers appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the net asset value of the asset pool by the number of notional units subsisting.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Management Company considers appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will be immediately credited to the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. Upon the dissolution of the Company, the assets in an asset pool will be allocated to the Participating Funds in proportion to their respective participation in the asset pool.

3.9 CO-MANAGEMENT

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Management Company may decide that part or all of

the assets of one or more Funds will be co-managed with assets belonging to other Luxembourg collective investment schemes. In the following paragraphs, the words "co-managed entities" shall refer globally to the Funds and all entities with and between which there would exist any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement.

Under the co-management arrangement, the Investment Manager, if appointed and granted the day-to-day management will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will influence the composition of the relevant Fund's portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Shareholders should be aware that, in the absence of any specific action by the Management Company or any of the Management Company's appointed agents, the co-management arrangement may cause the composition of assets of the relevant Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which the Fund is co-managed will lead to an increase of the Fund's reserve of cash.

Conversely, redemptions made in one entity with which any Fund is co-managed will lead to a reduction of the Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility to allocate substantial subscriptions and redemptions to these specific accounts together with the possibility for the Management Company or any of the Management Company's appointed agents to decide at anytime to terminate its participation in the co-management arrangement permit the relevant Fund to avoid the

readjustments of its portfolio if these readjustments are likely to affect the interest of its Shareholders.

If a modification of the composition of the relevant Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (i.e. not attributable to the Fund) is likely to result in a breach of the investment restrictions applicable to the relevant Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of the Funds shall, as the case may be, only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets in order to assure that investment decisions are fully compatible with the investment policy of the relevant Fund. Co-managed Assets shall only be co-managed with assets for which the Custodian is also acting as depository in order to assure that the Custodian is able, with respect to the Company and its Funds, to fully carry out its functions and responsibilities pursuant to the Law of 20 December 2002. The Custodian shall at all times keep the Company's assets segregated from the assets of other co-managed entities, and shall therefore be able at all time to identify the assets of the Company and of each Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of the relevant Funds, it is possible that as a result the common policy implemented may be more restrictive than that of the Funds concerned.

A co-management agreement shall be signed between the Management Company, the Custodian and the Investment Managers in order to define each of the parties' rights and obligations. The Directors may decide at any time and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Audited annual and half-yearly reports shall state the co-managed Assets' composition and percentages.

APPENDIX I

INVESTMENT RESTRICTIONS

The Directors have adopted the following restrictions relating to the investment of the Company's assets and its activities. These restrictions and policies may be amended from time to time by the Directors if and as they shall deem it to be in the best interests of the Company in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Fund. Those restrictions in section 1(D) below are applicable to the Company as a whole.

1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

(A) The Company will invest in:

- (i) transferable securities and money market instruments admitted to an official listing on a stock exchange in an Eligible State; and/or
- (ii) transferable securities and money market instruments dealt in on another Regulated Market; and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is achieved within one year of the issue.
- (iv) units of UCITS and/or of other UCI, whether situated in an EU member state or not, provided that:
 - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for Shareholders in such other UCIs is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 85/661/EEC,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and

operations over the reporting period,

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU member state or, if the registered office of the credit institution is situated in a non-EU member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU Law; and/or
- (vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Funds may invest according to their investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

and/or

- (vii) money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a non-EU member state or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU member states belong, or

- issued by an undertaking any securities of which are dealt in on Regulated Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU Law.
- issued by other bodies belonging to categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

In addition, the Company may invest a maximum of 10% of the net asset value of any Fund in transferable securities and money market instruments other than those referred to under (i) to (vii) above

- (B) Each Fund may hold ancillary liquid assets. Liquid assets used to back-up financial derivative exposure are not considered as ancillary liquid assets.
- (C) (i) Each Fund may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instrument and the issuer of the underlying securities). Each Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in section 1(A) (v) above or 5% of its net assets in other cases.
- (ii) Furthermore, where any Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net asset value of such Fund, the total value of all such investments must not account for more than 40% of the net asset value of such Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C) (i), a Fund may not combine:

- investments in transferable securities or money market instruments issued by,
 - deposits made with, and/or
 - exposures arising from OTC derivative transactions undertaken with
- a single body in excess of 20% of its net assets.

- (iii) The limit of 10% laid down in paragraph (C)(i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.
- (iv) The limit of 10% laid down in paragraph (C) (i) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in an EU member state and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

If a Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Fund.

- (v) The transferable securities and money market instruments referred to in paragraphs (C)(iii) and (C)(iv) are not included in the calculation of the limit of 40% referred to in paragraph (C)(ii).

The limits set out in paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or financial derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii), (C)(iii) and (C) (iv) may not, in any event, exceed a total of 35% of each Fund's net asset value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

- (vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided
- the composition of the index is sufficiently diversified,
 - the index represents an adequate benchmark for the market to which it refers,
 - it is published in an appropriate manner.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) Where any Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members, the Company may invest 100% of the net asset value of any Fund in such securities provided that such Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net asset value of the Fund.**

Subject to having due regard to the principle of risk spreading, a Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its launch.

- (D) (i) The Company may not normally acquire shares carrying voting rights which would enable the Company to exercise significant influence over the management of the issuing body.

- (ii) The Company may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body, and/or (d) 25% of the units of the same collective investment undertaking. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

- (i) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or
- (iv) shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law of 20 December 2002.

(E) No Fund may invest more than 10% of its net assets in units of UCITS or other UCIs. In addition, the following limits shall apply:

- (i) When a Fund invests in the units of other UCITS and/or other UCIs linked to the Company by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a management company linked to the Investment Manager, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant Fund. The Company will indicate in its annual report the total management fees

charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

- (ii) The Company may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.
- (iii) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under section 1(C) above.

2. INVESTMENT IN OTHER ASSETS

- (A) The Company will not make investments in precious metals, commodities or certificates representing these. In addition, the Company will not enter into financial derivative instruments on precious metals or commodities. This does not prevent the Company from gaining exposure to commodities or precious metals by investing in financial instruments backed by commodities or precious metals or financial instruments whose performance is linked to commodities or precious metals.
- (B) The Company will not purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (C) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sections 1(A) (iv), (vi) and (vii).
- (D) The Company may not borrow for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (E) The Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the net asset value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other

assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

- (F) The Company will not underwrite or sub-underwrite securities of other issuers.
- (G) The Company on a Fund by Fund basis will comply with such further restrictions as may be required by the regulatory authorities in any country in which the Funds are marketed.

3. FINANCIAL DERIVATIVE INSTRUMENTS

As specified in section 1(A) (vi) above, the Company may in respect of each Fund invest in financial derivative instruments, including but not limited to those described in more details below.

The Company shall ensure that the global exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2 (E) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

Each Fund may invest as part of its investment policy and within the limits laid down in section 1 (A)(vi) and section 1(C)(v) , in financial derivative instruments, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1(C)(i) to (vii). When a Fund invests in index-based financial derivative instruments compliant with the provisions of sections 1(C)(i) to (vii), these investments do not have to be combined with the limits laid down in section 1(C). When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of these restrictions.

The Funds may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Law of 20 December 2002. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy or objective. The risks against which the Funds could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

Unless specified otherwise in Appendix III, the global exposure relating to financial derivative instruments will be calculated using a commitment approach. Funds applying a Value-at-Risk (VaR) approach to calculate their global exposure will contain an indication thereto in Appendix III. VaR reports will be produced and monitored on a daily basis based on the following criteria:

- 1 month holding period;
- 99% unilateral confidence interval;
- at least a one year effective historical observation period (250 days) unless market conditions require a shorter observation period; and
- parameters in the model are updated at least quarterly.

Stress testing will also be applied at a minimum of once per month.

4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

Techniques and instruments (including, but not limited to, securities lending or repurchase agreements) relating to transferable securities and money market instruments may be used by each Fund for the purpose of efficient portfolio management.

To the extent permitted by and within the limits prescribed by the Regulations and in particular the CSSF Circular 08/356 relating to the use of financial techniques and instruments, each Fund may for the purpose of generating additional capital or income or for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase transactions and engage in securities lending transactions.

In respect of repurchase transactions, the Fund will obtain from its counterparty collateral of a type and market value sufficient to satisfy the requirements of the Regulations.

In respect of securities loans, the Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the Regulations.

A Fund, with the exception of Schroder Special Situations Fund HVB Delta Select, within the limits provided for by the Regulations and in particular CSSF Circular 08/356 referred to above, may reinvest the cash that it receives as collateral against a repurchase transaction or a securities loan in (a) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (b) short-term bank deposits, (c) money market instruments permitted by the Regulations, (d) short-term bonds issued or guaranteed by the governments, local authorities or supranational institutions and undertakings of the United States, member states of the EU, Australia, Canada, Finland, Japan, Norway, Sweden or Switzerland, (e) bonds issued or guaranteed by first class issuers offering an adequate

liquidity, and (f) reverse repurchase agreement transactions, provided that such reverse repurchase transactions must themselves be fully and continuously collateralised by securities issued or guaranteed by the governments, local authorities or supranational institutions and undertakings of the United States, the EU, Australia, Canada, Finland, Japan, Norway, Sweden or Switzerland. Such reinvestment will be taken into account for the calculation of each concerned Fund's global exposure if required.

5. RISK MANAGEMENT PROCESS

The Company will employ a risk-management process which enables it with the Investment Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Fund. The Company or the Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an Investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Funds using such risk measure.

The risk management framework is available upon request from the Company's registered office.

6. MISCELLANEOUS

- A. The Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A) (i), (ii), and (iii) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Company shall not be prevented from acquiring such securities above which are not fully paid.
- B. The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.
- C. The Management Company, the Investment Managers, the Distributors, Custodian and any authorised agents or their associates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

- i) a certified valuation of such transaction is provided by a person approved by the Directors as independent and competent;
- ii) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or
where neither i) or ii) is practical;
- iii) where the Directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

APPENDIX II

RISKS OF INVESTMENT

General Risks

Past performance is not a guide to future performance and Shares, other than shares of liquidity funds, should be regarded as a medium to long-term investment. The value of investments and the income generated by them may go down as well as up and Shareholders may not get back the amount originally invested. Where the Fund Currency varies from the Investor's home currency, or where the Fund Currency varies from the currencies of the markets in which the Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the Investor greater than the usual risks of investment.

Investment Objective Risk

Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Fund.

Regulatory Risk

The Company is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally the Funds may be registered in non-EU jurisdictions. As a result of such registrations the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes. In such cases the Funds will abide by these more restrictive requirements. This may prevent the Funds from making the fullest possible use of the investment limits.

Risk of Suspension of Share dealings

Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended (see Section 2.4, "Suspensions or Deferrals").

Interest Rate Risk

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, a Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

Credit Risk

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Fund's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. A Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Fund's Investment Manager will consider whether the security continues to be an appropriate investment for the Fund. A Fund's Investment Manager considers whether a security is investment grade only at the time of purchase. Some of the Funds will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

Liquidity Risk

Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investment in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

Inflation / Deflation Risk

Inflation is the risk that a Fund's assets or income from a Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the

creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio.

Financial Derivative Instrument Risk

For a Fund that uses financial derivative instruments to meet its specific investment objective, there is no guarantee that the performance of the financial derivative instruments will result in a positive effect for the Fund and its Shareholders.

Warrants Risk

When a Fund invests in warrants, the price, performance and liquidity of such warrants are typically linked to the underlying stock. However, the price, performance and liquidity of such warrants will generally fluctuate more than the underlying securities because of the greater volatility of the warrants market. In addition to the market risk related to the volatility of warrants, a Fund investing in synthetic warrants, where the issuer of the synthetic warrant is different to that of the underlying stock, is subject to the risk that the issuer of the synthetic warrant will not perform its obligations under the transactions which may result in the Fund, and ultimately its Shareholders, suffering a loss.

Credit Default Swap Risk

A credit default swap allows the transfer of default risk. This allows a Fund to effectively buy insurance on a reference obligation it holds (hedging the investment) or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Fund does not hold the underlying reference obligation, there may be a market risk as the Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

Futures, Options and Forward Transactions Risk

A Fund may use options, futures and forward contracts on currencies, securities, indices, currency, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Fund. The placing of certain orders which are intended

to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the Fund is fixed, the Fund may sustain a loss well in excess of that amount. The Fund will also be exposed to the risk of the purchaser exercising the option and the Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is “covered” by the Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions, in particular those traded over-the-counter, have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

Credit Linked Note Risk

A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

Equity Linked Note Risk

The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

A Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

Particular Risks of OTC Derivative Transactions

Securities traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than securities principally traded on securities exchanges. Such securities may be less liquid than more widely traded securities. In addition, the prices of such securities may include an undisclosed dealer mark-up which a Fund may pay as part of the purchase price.

Counterparty Risk

The Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A Fund may invest into instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The Funds will only enter into OTC derivatives transactions with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivative transactions entered into with first class institutions should not exceed 10% of the relevant Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

Custody Risk

Investors may enjoy a degree of protection when investing money with custodians in their home territory. This level of protection may be higher than that enjoyed by the Company.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability. A Fund's cash account will usually be maintained on the Custodian's records, but the balances may be held by a sub-custodian which poses an additional risk.

Smaller Companies Risk

A Fund which invests in smaller companies may fluctuate in value more than other Funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially

during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

Lower Rated, Higher Yielding Debt Securities Risk

A Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in the Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

Property and Real Estate Companies Securities Risk

The risks associated with investments in securities of companies principally engaged in the real estate industry include: the cyclical nature of real estate values; risks related to general and local economic conditions; overbuilding and increased competition; increases in property taxes and operating expenses; demographic trends and variations in rental income; changes in zoning laws; casualty or condemnation losses; environmental risks; regulatory limitations on rents; changes in neighbourhood values; related party risks; changes in the appeal of properties to tenants; increases in interest rates; and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Fund's investments.

The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Fund either in a positive or a negative manner.

Mortgage related and other asset backed securities Risks

Mortgage-backed securities, including collateralised mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases

of various types of real and personal property and receivables from credit card agreements.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. A Fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of sub-prime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that a Fund may lose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for a Fund to buy or sell.

A Fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price at a future date. A Fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

Initial Public Offerings Risk

A Fund may invest in initial public offerings, which frequently are smaller companies. Such

securities have no trading history, and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

Risk associated with Debt securities issued pursuant to Rule 144A under the Securities Act of 1933

SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular rule 144A security.

Emerging and Less Developed Markets Securities Risk

Investing in emerging markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which a Fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant Fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the Fund and compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

In addition investments in certain emerging and less developed countries, such as Russia and Ukraine, are currently subject to certain heightened risks with regard to the ownership and custody of securities. In these countries, shareholdings are evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the

Custodian). No certificates representing shareholdings in companies will be held by the Custodian or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, the Company could lose its registration and ownership of the securities through fraud, negligence or even mere oversight. Debt securities also have an increased custodial risk associated with them as such securities may, in accordance with market practice in the emerging or less developed countries, be held in custody with institutions in those countries which may not have adequate insurance coverage to cover loss due to theft, destruction or default. It should be taken into consideration that when investing in government debt of emerging or less developed countries, particularly Ukraine, whether via the primary or secondary market, local regulations may stipulate that investors maintain a cash account directly with the sub-custodian. Such balance represents a debt due from the sub-custodian to the investors and the Custodian shall not be liable for this balance.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

Specific risks linked to securities lending and repurchase transactions

Securities lending and repurchase transactions involve certain risks. There is no assurance that a Fund will achieve the objective for which it entered into a transaction.

Repurchase transactions might expose the Fund to risks similar to those associated with optional or forward derivative financial instruments, the risks of which are described in other sections of this Prospectus. Securities loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

The Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacements for the securities that were lent to the counterparty. In the latter case, the Fund's tri-party lending agent will indemnify the Fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable.

In the event that the Fund reinvests cash collateral in one or more of the permitted types of investment that are described above, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. There is also a risk that the investment will become illiquid, which would restrict the Fund's ability to recover its securities on loan, which might restrict the Fund's ability to complete the sale of securities or to meet redemption requests.

Potential Conflicts of Interest

The Investment Managers and Schroders may effect transactions in which the Investment Managers or Schroders have, directly or indirectly, an interest which may involve a potential conflict with the Investment Managers' duty to the Company. Neither the Investment Managers nor Schroders shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated.

The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

Such potential conflicting interests or duties may arise because the Investment Managers or Schroders may have invested directly or indirectly in the Company.

APPENDIX III

FUND DETAILS

The Company is designed to give Investors the flexibility to choose between investment portfolios with differing investment objectives and levels of risk.

The specific investment objectives and policies of each of the Funds are subject to the following interpretation:

- Whenever a currency is quoted in brackets next to the name of a Fund, this indicates the Fund Currency.
- If a description of a Fund's investment policy is related to investments in corporations of a particular country or region, such reference means (in the absence of any further specification) investments in companies incorporated, headquartered or having their principal business activities in such country or region.
- In respect of the Funds which under their objectives and policies invest in bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers worldwide, the Company may use forward currency contracts to hedge back to investment currencies and, at the same time, seek exposure to local short term markets if this appears to be in the best interest of the relevant Fund and its Shareholders, in light of local market conditions in the countries concerned, to limit volatility and counterparty risk and to improve liquidity.
- To ensure eligibility for the Insurance Authority Law in Germany, the Schroder Special Situations Fund Global Bond Opportunities will be managed in accordance with the relevant restrictions set out in Ordinance on the Investment of Restricted Assets of Insurance Undertakings (Anlageverordnung - AnIV) of 20 December 2001.
- The Investment Managers may invest directly in Russian securities that are traded on the Russian Trading System Stock Exchange (RTS Stock Exchange) and MICEX – Moscow Interbank Currency Exchange. For details of the risk involved in dealing on these exchanges please refer to Appendix II. Additionally exposure to the Russian market may be achieved through investments in American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).

The investment objectives and policies described below are binding on the Investment Manager of each Fund, although there can be no assurance that an investment objective will be met.

The Funds bearing an asterisk (*) next to their name are not available for subscription at the time of issue of this Prospectus. Such Funds will be launched at the Directors' discretion, and this Prospectus will be updated accordingly.

The Share Classes on offer in each Fund are specified in Appendix IV.

These Share Classes, where available, may be offered in various currencies (each a "Reference Currency") at the Directors' discretion. Where offered in a currency other than the Fund Currency, a Share Class will be designated as such (see Appendix IV to the Prospectus). Confirmation of the Funds and currencies in which the currency denominated and hedged Share Classes are available can be obtained from the Management Company.

In respect of such additional Share Classes, the Management Company has the ability to hedge the Shares of such Classes in relation to the Fund Currency. Where hedging of this kind is undertaken, the Management Company may engage, for the exclusive account of such Share Class, in currency forward, currency futures, currency option transactions and currency swaps in order to preserve the value of the Reference Currency against the Fund Currency.

Where undertaken, the effects of this hedging will be reflected in the Net Asset Value and, therefore, in the performance of such additional Share Class. Similarly, any expenses arising from such hedging transactions will be borne by the Class in relation to which they have been incurred.

It should be noted that these hedging transactions may be entered into whether the Reference Currency is declining or increasing in value relative to the relevant Fund Currency and so, where such hedging is undertaken it may substantially protect Investors in the relevant Class against a decrease in the value of the Fund Currency relative to the Reference Currency, but it may also preclude Investors from benefiting from an increase in the value of the Fund Currency.

In addition, the Investment Manager may hedge the currencies in which the underlying assets of the Fund are denominated or in which the underlying unhedged assets of a target fund are denominated back to the Fund Currency.

There can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Fund Currency.

The details of each Fund are listed below:

Schroder Special Situations Fund Bank Capital *

Investment Objective:

To provide total return primarily through investment in credit and credit related instruments and other fixed and floating rate securities, deposits with credit institutions, money market instruments and financial derivative instruments that provide exposure to financial issuers and global credit markets.

Investment Policy:

The Fund will have exposure to debt instruments issued by investment grade financial institutions. Although the Fund focuses on debt instruments issued by banks, the Fund may also invest, directly or through the use of financial derivative instruments, in debt instruments issued by other financial institutions such as insurance companies. The Fund may invest in junior securities that may have individual ratings below investment grade at any time, subject to the issuer remaining investment grade.

Whilst credit and credit related instruments will form the majority of assets held, securities issued or guaranteed by governments, government agencies and supranational issuers may also be held from time to time.

The Fund may employ financial derivative instruments for hedging or investment purposes in accordance with its risk profile as disclosed below. The financial derivative instruments of the Fund may be exchange traded and over-the-counter, and will include, inter alia, credit default swaps. In this context, the Fund acts as protection buyer to hedge the specific credit risk of some of the issuers it holds in its portfolio.

In an aim to manage interest rate and credit risks and non base currency exposure, the Fund may make use of interest rate swaps, futures and options and of foreign exchange forward and swap contracts, respectively.

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its market risk.

Portfolio Currency	USD
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Business Day preceding a Dealing Day
Dealing Frequency / Dealing Day	Weekly, on each Wednesday or the next Business Day if a Wednesday is not a Business Day

Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
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Schroder Special Situations Fund Bank Capital *

Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium-high risk vehicle aiming to provide income and capital growth. The Fund will make use of credit derivative financial instruments to gain exposure to global credit markets. This may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.	
Profile of the typical investor	The Fund may be suitable for investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.	
Share Classes	C (Inst.)	I
Minimum Initial Subscription	USD 5,000,000	USD 5,000,000
Minimum Additional Subscription	USD 2,500,000	USD 2,500,000
Minimum Holding	USD 5,000,000	USD 5,000,000
Initial Charge ³	Up to 1.00%	None
Redemption Charge ⁴	None	None
Investment Management Fee ⁴	Up to 0.50%	None
Performance Fee ⁵	Yes - As below	None
	20% of the outperformance as defined in Section 3.2 (A) Benchmark ⁴ : BBA Libor USD 3 Month Act 360 + 125 basis points	

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment."

³ Percentages are stated with reference to the total subscription amount, which represents 1.01% of the Net Asset Value per Share.

⁴ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

⁵ For the avoidance of doubt, the benchmarks mentioned are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style.

Schroder Special Situations Fund Global Bond Opportunities *

Investment Objective:

To provide a total return primarily through investment in a portfolio of bonds and other fixed and floating rate securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide.

Investment Policy:

In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities.

The Fund may employ financial derivative instruments for hedging or investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments may be employed for example to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the Fund's duration through the tactical use of interest related financial derivative instruments, generating additional income through inflation or volatility linked financial derivative instruments or increasing its currency exposure through the use of currency related financial derivative instruments. Financial derivative instrument could also be employed to create synthetic instruments. Such financial derivative instruments include over-the-counter or exchange traded options, futures, warrants, swaps or forward contracts.

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its market risk.

Portfolio Currency	EUR
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium risk vehicle aiming to provide income and capital growth. The Fund may employ financial derivative instruments, which may reduce or increase risk depending on the motive and type of derivative contract.
Profile of the typical investor	The Fund may be suitable for investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment."

Schroder Special Situations Fund Global Bond Opportunities *

Share Classes	C	I
Minimum Initial Subscription	EUR 500,000	EUR 5,000,000
Minimum Additional Subscription	EUR 250,000	EUR 2,500,000
Minimum Holding	EUR 500,000	EUR 5,000,000
Initial Charge ³	None	None
Investment Management Fee ⁴	0.50%	None

³ Percentages are stated with reference to the total subscription amount.

⁴ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund Global Tactical Asset Allocation *

Investment Objective:

To provide a positive return above cash over the market cycle through active allocation to a diversified range of assets and markets worldwide.

Investment Policy:

In order to achieve the objective, the Fund will utilise a global tactical asset management strategy designed to capture relative value opportunities across countries, currencies, asset classes (including alternative asset classes such as property, precious metals and commodities), which may include synthetic long and short positions. The Fund will be managed to maintain a balanced exposure between long and short positions with a residual net exposure. The Fund's holdings will be sufficiently liquid at all times to cover the sub-fund's obligations arising from its derivative long and short positions. The Fund may invest in transferable securities, financial derivative instruments, structured products, UCITS and other UCIs, deposits and money market instruments.

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its market risk.

Portfolio Currency	EUR
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium-high risk vehicle aiming to achieve capital growth. It will make use of financial derivative instruments, which may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.
Profile of the typical investor	The Fund may be suitable for investors who are more concerned with maximising long term returns than minimising possible short term losses.

Schroder Special Situations Fund Global Tactical Asset Allocation *

Share Classes	A	A1	B	C	I
Minimum Initial Subscription	EUR 5,000	EUR 5,000	EUR 5,000	EUR 500,000	EUR 5,000,000
Minimum Additional Subscription	EUR 1,000	EUR 1,000	EUR 1,000	EUR 250,000	EUR 2,500,000
Minimum Holding	EUR 5,000	EUR 5,000	EUR 5,000	EUR 500,000	EUR 5,000,000
Initial Charge ³	Up to 4.99%	Up to 4.00%	None	Up to 3.00%	None
Distribution Fee ⁴	None	0.50% ⁵	0.60% ⁵	None	None
Investment Management Fee ⁵	1.50%	1.50%	1.50%	1.00%	None
Performance Fee ⁶	Yes - As below	Yes - As below	Yes - As below	Yes - As below	None
	15% of the outperformance as defined in Section 3.2 (A) Benchmark ⁴ : BBA Libor Eur 3 Month Act 365				

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment."

³ Percentages are stated with reference to the total subscription amount, which represent 5.25% of the Net Asset Value of A shares, 4.17% of the Net Asset Value of A1 shares, and 3.09% of the Net Asset Value of C shares.

⁴ Distribution charges in respect of A1 and B Shares are paid at such intervals, as may be agreed from time to time between the Company and those Distributors that are appointed specifically for the purpose of distributing such Shares.

⁵ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

⁶ For the avoidance of doubt, the benchmarks mentioned are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style.

Schroder Special Situations Fund HVB Delta Select ¹

Investment Objective

To provide a total return similar to money market returns in Euro.

Investment Policy:

In order to achieve the objective, the Fund may invest in a broad range of asset classes including shares, interest-bearing securities, convertible bonds, options, warrants on securities and participation certificates denominated in Euro or hedged against Euro.

The average residual maturity of the fixed interest securities and similar investments in the Fund will not exceed 12 months, unless a maturity of less than 12 months is reached with the use of appropriate techniques and instruments.

The Fund's strategy involves purchasing shares and selling shares through forward transactions to severely limit downside loss in equities and to derive a return linked to money market returns in Euro. The Fund may also purchase swaps on interest-bearing securities that are oriented to the money market. To increase income, the Fund may also lend stocks and enter into repurchase agreements.

The Fund may invest in financial derivative instruments for hedging and investment purposes in accordance with its risk profile as disclosed below. The financial derivative instruments may include over-the-counter or exchange traded options, futures, contracts for difference, warrants, swaps, FX spot and forward contracts.

Portfolio Currency	EUR
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ²	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ³	The Fund is a low risk vehicle aiming to provide preservation of capital in terms of its own Fund Currency. The Fund may employ financial derivative instruments, which may imply increased counterparty risk.
Profile of the typical investor	The Fund may be suitable for investors who are risk averse, where income and preservation of capital are their primary objectives over the medium term. Investors should be aware however that preservation of capital is not guaranteed.

Schroder Special Situations Fund HVB Delta Select ¹

Share Classes	U
Minimum Initial Subscription	EUR 1,000,000
Minimum Additional Subscription	EUR 500,000
Minimum Holding	EUR 1,000,000
Initial Charge ⁴	Up to 1%
Redemption Charge ⁵	Up to 2%
Investment Management Fee ⁵	Up to 0.325%

¹ This Fund may not be available for distribution through Schroders' global network of distributors as exclusive distribution rights may be reserved for certain territories. For any question in this regard, please enquire with the Management Company.

² Different subscription and redemption procedures may apply if applications are made through Distributors.

³ For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

⁴ Percentages are stated with reference to the total subscription amount, which represents 1.01% of the Net Asset Value per share.

⁵ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund International Equity

Investment Objective:

To achieve capital growth through diversified investment in quoted equities worldwide. Investments in Japanese equities are excluded from the portfolio.

Investment Policy:

In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities.

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

Portfolio Currency	USD
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium risk vehicle aiming to provide capital growth. The Fund will make use of financial derivative instruments to gain exposure to equity and this may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.
Profile of the typical investor	The Fund may be suitable for investors who are seeking long term growth potential offered through investment in equities.
Share Classes	I
Minimum Initial Subscription	USD 5,000,000
Minimum Additional Subscription	USD 2,500,000
Minimum Holding	USD 5,000,000
Initial Charge ³	None
Investment Management Fee ⁴	0.6%

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment."

³ Percentages are stated with reference to the total subscription amount.

⁴ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund QEP Japanese Core

Investment Objective:

To provide capital growth primarily through investment in equity securities of Japanese companies.

Investment Policy:

In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of securities selected through the application of analytical techniques.

This Fund may employ financial derivative instruments for hedging or investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for example to create market exposures through equity, currency, volatility or index related financial derivative instruments and may include over-the-counter or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts or a combination of these.

Portfolio Currency	JPY	
Investment Manager	Schroder Investment Management Limited	
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day	
Dealing Frequency / Dealing Day	Daily, on each Business Day	
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day	
Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium risk vehicle aiming to provide capital growth. The Fund will make use of financial derivative instruments to gain exposure to equity and this may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.	
Profile of the typical investor	The Fund may be suitable for investors who are seeking long term growth potential offered through investment in equities.	
Share Classes	C (Inst.)	I
Minimum Initial Subscription	JPY 500,000,000	JPY 500,000,000
Minimum Additional Subscription	JPY 250,000,000	JPY 250,000,000
Minimum Holding	JPY 500,000,000	JPY 500,000,000
Initial Charge ³	Up to 1.00%	None
Investment Management Fee ⁴	0.20%	None
Performance Fee ⁵	Yes 12.5% of the outperformance as defined in Section 3.2 (B) Benchmark ⁴ : TOPIX Index (total return)	None

- ¹ Different subscription and redemption procedures may apply if applications are made through Distributors.
- ² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment."
- ³ Percentages are stated with reference to the total subscription amount, which represent 1.01% of the Net Asset Value per share.
- ⁴ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.
- ⁵ For the avoidance of doubt, the benchmark mentioned is for performance fee calculation purposes, and it may not be representative or indicative of a specific investment style.

Schroder Special Situations Fund Pacific Ex-Japan *

Investment Objective:

To provide capital growth through investment in securities of the Pacific (ex Japan) region.

Investment Policy:

In order to achieve the objective, the Investment Manager will invest in a broadly diversified portfolio of equities of the Pacific (ex Japan) region and in units of UCITS and UCIs investing in such securities.

This Fund may employ financial derivative instruments for hedging or investment purposes in accordance with its risk profile as disclosed below. Financial derivative instruments can be used for example to create market exposures through equity, currency, volatility or index related financial derivative instruments and may include over-the-counter or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts or a combination of these.

Portfolio Currency	USD	
Investment Manager	Schroder Investment Management Singapore Limited	
Dealing Cut-off	1:00 p.m. Luxembourg time on any Dealing Day	
Dealing Frequency / Dealing Day	Daily, on each Business Day	
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day	
Risk profile of the portfolio and specific risk considerations ²	The Fund is a medium risk vehicle aiming to provide capital growth. The Fund will make use of financial derivative instruments to gain exposure to equity and this may lead to a higher volatility in the price of the Shares and may imply increased counterparty risk.	
Profile of the typical investor	The Fund may be suitable for investors who are seeking long term growth potential offered through investment in equities.	
Share Classes	C	I
Minimum Initial Subscription	USD 1,000,000	USD 5,000,000
Minimum Additional Subscription	USD 500,000	USD 1,500,000
Minimum Holding	USD 1,000,000	USD 5,000,000
Initial Charge ³	None	None
Investment Management Fee ⁴	0.75%	None

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, “Risks of Investment”.

³ Percentages are stated with reference to the total subscription amount.

⁴ Percentages are stated with reference to the net asset value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund Sterling Broad Market Libor

Investment Objective:

The Fund's investment objective is to provide capital growth and income primarily through investment in a diversified portfolio of debt securities.

Investment Policy:

The full spectrum of available securities, including below-investment grade, will be utilised. The portfolio will consist of Sterling denominated securities or securities denominated in other currencies, primarily hedged back into sterling.

The duration of the Fund will be maintained within a +/- 2 year range relative to the 3-months Sterling Libor.

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

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its market risk.

Portfolio Currency	GBP
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ²	The Fund is a low-medium risk vehicle aiming to provide income and capital growth. The Fund may employ financial derivative instruments, which may reduce or increase risk depending on the motive and type of derivative contract.
Profile of the typical investor	The Fund may be suitable for investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.
Share Classes	I
Minimum Initial Subscription	GBP 3,000,000
Minimum Additional Subscription	GBP 1,500,000
Minimum Holding	GBP 3,000,000
Initial Charge ³	None
Investment Management Fee ⁴	None

- ¹ Different subscription and redemption procedures may apply if applications are made through Distributors.
- ² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, “Risks of Investment.”
- ³ Percentages are stated with reference to the total subscription amount.
- ⁴ Percentages are stated with reference to the Net Asset Value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund EURO Libor Plus

Investment Objective:

The Fund's investment objective is to provide capital growth and income primarily through investment in a diversified portfolio of debt securities and money market instruments.

Investment Policy:

The full spectrum of available securities and money market instruments, including below-investment grade, will be utilised. The portfolio will consist of EURO denominated securities, money market instruments or securities and money market instruments denominated in other currencies, primarily hedged back into EURO.

The duration of the Fund will be maintained within a +/- 2 year range relative to the 3-months EURO Libor.

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

Global Risk Exposure:

The Fund employs the Value-at-Risk (VaR) approach to measure its market risk.

Portfolio Currency	EUR
Investment Manager	Schroder Investment Management Limited
Dealing Cut-off	1.00 p.m. Luxembourg time on any Dealing Day
Dealing Frequency / Dealing Day	Daily, on each Business Day
Settlement period of subscription and redemption proceeds ¹	Within 3 Business Days from the relevant Dealing Day
Risk profile of the portfolio and specific risk considerations ²	The Fund is a low-medium risk vehicle aiming to provide income and capital growth. The Fund may employ financial derivative instruments, which may reduce or increase risk depending on the motive and type of derivative contract.
Profile of the typical investor	The Fund may be suitable for investors who are seeking to combine capital growth opportunities with income in the relative stability of the debt markets over the long term.
Share Classes	I
Minimum Initial Subscription	EUR 5,000,000
Minimum Additional Subscription	EUR 2,500,000

Minimum Holding	EUR 5,000,000
Initial Charge ³	None
Investment Management Fee ⁴	None

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, "Risks of Investment".

³ Percentages are stated with reference to the total subscription amount.

⁴ Percentages are stated with reference to the net asset value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

Schroder Special Situations Fund Sterling Liquidity Plus

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.

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

Portfolio Currency	GBP	
Investment Manager	Schroder Investment Management Limited	
Dealing Cut-off	3:00 p.m. Luxembourg time on any Dealing Day	
Dealing Frequency / Dealing Day	Daily, on each Business Day	
Settlement period of subscription and redemption proceeds ¹	Within 1 Business Day from the relevant Dealing Day	
Risk profile of the portfolio and specific risk considerations ²	The Fund is a low risk vehicle aiming to provide preservation of capital in terms of its own Fund Currency. The Fund may employ financial derivative instruments, which may reduce or increase risk depending on the motive and type of derivative contract.	
Profile of the typical investor	The Fund may be suitable for investors who are conservative risk averse, where income and preservation of principal are their primary objectives over the long term. Investors should be aware however that preservation of capital is not guaranteed.	
Share Classes	C	I
Minimum Initial Subscription	GBP 300,000	GBP 3,000,000
Minimum Additional Subscription	GBP 150,000	GBP 1,500,000
Minimum Holding	GBP 300,000	GBP 3,000,000
Initial Charge ³	None	None
Investment Management Fee ⁴	0.10%	None

¹ Different subscription and redemption procedures may apply if applications are made through Distributors.

² For full details of the risks applicable to investing in these Funds, please refer to Appendix II, “Risks of Investment”.

³ Percentages are stated with reference to the total subscription amount.

⁴ Percentages are stated with reference to the net asset value of the Fund or relevant Class or the Net Asset Value per Share, as may be appropriate.

APPENDIX IV

AVAILABLE SHARE CLASSES

All Funds and Share Classes listed below are in existence as at the time of issue of the Prospectus. Such list may be updated from time to time, and a copy of such list may be obtained, free of charge and upon request, from the registered office of the Company.

Fund Name	Share Class	Ccy	ISIN	Stock Exchange Listing
Schroder SSF HVB Delta Select	U Accumulation	EUR	LU0365357846	
Schroder SSF International Equity	I Accumulation	USD	LU0086349122	Luxembourg
Schroder SSF QEP Japanese Core	C (Inst.) Distribution	JPY	LU0332560860	
Schroder SSF QEP Japanese Core	I Accumulation	JPY	LU0332561082	
Schroder SSF QEP Japanese Core	C (Inst.) Distribution	GB	LU0332561165	
Schroder SSF QEP Japanese Core	I Accumulation	P	LU0332561249	
Schroder SSF Sterling Broad Market Libor	I Accumulation	GB	LU0269939384	Luxembourg
Schroder SSF Sterling Broad Market Libor	I Distribution	P	LU0272364489	-
Schroder SSF Sterling Liquidity Plus	C Accumulation	GB	LU0269939624	Luxembourg
Schroder SSF Sterling Liquidity Plus	I Accumulation	P	LU0269940127	-
Schroder SSF Sterling Liquidity Plus	C Distribution	GB	LU0269939624	
Schroder SSF Sterling Liquidity Plus	I Distribution	P	LU0269940127	