

# Schroders

## Schroder Real Return Fund (Managed Fund) ASX Code: GROW

### Product Disclosure Statement

Issued: 1 October 2020

ARSN: 612 309 332

#### Issuer and responsible entity

##### Contact details

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

##### Registered office

Level 20, Angel Place  
123 Pitt Street  
Sydney NSW 2000

##### Schroders unit registry

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

##### Website

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

##### Email

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

##### Client services telephone

(+61) 1300 136 471

##### General enquiries telephone

(+612) 9210 9200

#### Important information

This Product Disclosure Statement ('PDS') was lodged with both the Australian Securities & Investments Commission ('ASIC') and ASX Limited ('ASX') on 1 October 2020. No responsibility as to the content of this PDS is taken by ASIC or ASX. This PDS is a summary of significant information relating to the Schroder Real Return Fund (Managed Fund) (ARSN 612 309 332) ('Fund'). This PDS is issued by Schroder Investment Management Australia Limited ('Schroders', 'Responsible Entity', 'our', 'we' or 'us') as responsible entity for the Fund. References to "Schroders Group" are to Schroders plc and its subsidiaries. You should read and consider all the information in this PDS before making a decision to invest in the Fund. No other fund, trust or class of units is offered in this PDS.

No Schroders Group company, other than us, makes any statement or representation in this document. The information contained in this PDS is general information only and does not take into account your objectives, financial situation or needs. Before acting on the information contained in this PDS you should consider the appropriateness of the information in this PDS having regard to your objectives, financial situation and needs. You should seek financial advice tailored to your objectives, financial situation and needs.

An investment in the Fund is subject to investment and other risks, including possible delays in payment and loss of income and capital invested. Investments in the Fund are not deposits with or other liabilities of the Responsible Entity or any of its related bodies corporate, affiliates, associates or officers. Neither the Fund, Schroders, nor any of its related bodies corporate or associates, guarantees in any way the performance of the Fund, repayment of the capital from the Fund, any particular return from, or any increase in the value of, the Fund. For more details on the risks, please refer to section 4 of this PDS, 'Risks of investing in the Fund.'

The offer of units in the Fund is available to persons receiving a copy, electronic or otherwise, of this PDS within Australia or New Zealand. This does not constitute an offer or invitation in any jurisdiction, or to any person to whom it would be unlawful to make such an offer.

As at the date of the PDS, the units in the Fund have been admitted to trading status on the AQUA market of the ASX. Investors can buy units on the AQUA market of the ASX through a stockbroker or via a financial adviser. Such investors may use this PDS for informational purposes only.

All references to dollars are in Australian dollars. Capitalised terms in this PDS are defined terms and they are listed in the glossary section in this PDS or defined elsewhere in the PDS. Days are calendar days unless otherwise specified as Business Days.



## Up-to-date information

The information in this PDS is up-to-date at the time of preparation. Certain information in this PDS is subject to change from time to time where it is deemed not materially adverse and such updates will be published on the ASX Market Announcements Platform and on Schroders website: [www.schroders.com.au/grow](http://www.schroders.com.au/grow). A paper copy of any updated information will be given, or an electronic copy made available to you without charge, upon request by contacting Schroders. Where a change is considered materially adverse, we will issue a supplementary PDS or a replacement PDS.

## Consents

JPMorgan Chase Bank N.A. (Sydney Branch) as custodian of the Fund (**JPMorgan**) and Link Market Services Limited as unit registrar for the Fund (**Link**) have provided consent to being named and the statements about them in the form and context in which they are included in this PDS. JPMorgan and Link were not otherwise involved in the preparation and distribution of this PDS, are not responsible for, and did not cause, the issue of this PDS, are not responsible for any particular part of this PDS or for the accuracy or completeness of any information included in it, and do not guarantee the success or performance of the Fund or the repayment of capital or any particular rate of return. Neither JPMorgan nor Link have withdrawn their consent before the date of this PDS.

# Contents

1. About Schroders	3
2. At a glance	4
3. Key Features of the AQUA Rules and CHES	6
4. Risks of investing in the Fund	7
5. How Schroders seeks to manage risk	10
6. Fund description – Schroder Real Return Fund (Managed Fund)	10
7. Additional Fund information	11
8. Fees and other costs	14
9. How to invest in the Fund	19
10. How to withdraw from the Fund	20
11. Distributions	20
12. Taxation	20
13. Keeping you informed	22
14. Our legal relationship with investors	23
15. Dealing with complaints	23
16. Terms and conditions	24
17. Glossary	28
18. Contacting Schroders	29

## 1. About Schroders

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

Schroders offers a range of investment products and is part of the Schroders Group. The Schroders Group is one of the largest independent investment managers providing investment management services from offices in 35 locations across Europe, the Americas, Asia, the Middle East and Africa. While many financial institutions try to provide all things to their clients, we specialise in just one – pure investment management.

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

### Why Schroders?

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

## 2. At a glance

Fund details		
<b>Fund name</b>	Schroder Real Return Fund (Managed Fund)	
<b>ARSN</b>	612 309 332	
<b>Exchange code</b>	GROW	
Investment details		
<b>Investment return objective<sup>1</sup></b>	To achieve a return of CPI plus 5% p.a. before fees over rolling 3 year periods while minimising the incidence and size of negative returns in doing so.  CPI is defined as the RBA's Trimmed Mean, as published by the Australian Bureau of Statistics.	<i>Further information is outlined under 'Fund description' in section 6 of this PDS.</i>
<b>Type of investment</b>	The Fund is a managed fund which is a registered managed scheme whose units trade on the AQUA market of the ASX. As the units in the Fund have been admitted to trading status on the AQUA market of the ASX, investors have the opportunity to buy or sell a diversified portfolio of assets in a single transaction at any time during an ASX Trading Day.	
<b>Suitability and risk level</b>	For investors who seek moderate to high returns over the medium to long term and are prepared to accept some volatility in returns including negative returns over the short term.	
<b>Minimum suggested holding period</b>	At least 3 years. Please note this is a guide only, not a recommendation.	
<b>Management style<sup>2</sup></b>	Active	
<b>Distribution frequency</b>	Normally twice yearly. Calculated on the last Business Day of June and December.	<i>Further information is outlined under 'Distributions' in section 11 of this PDS.</i>
<b>Key risks</b>	All investments, including investments in managed investment schemes such as the Fund, come with a degree of risk.  The key risks associated with an investment in the Fund include market risk, equities risk, interest rate risk, credit risk, entity risk, international investments risk, Emerging Markets/ Frontier Markets risk, currency risk, derivatives risk, active exchange traded fund risk, pricing risk and counterparty risk.  An explanation of these risks, as well as a summary of certain additional risks, are outlined in section 4 of this PDS.	<i>Further information is outlined under 'Risks of investing in the Fund' in section 4 of this PDS.</i>
Fees and other costs		
<b>Fees when your money moves in or out of the Fund</b>	Nil	<i>Further information is outlined under 'Fees and other costs' in section 8 of this PDS.</i>
<b>Management fees and costs<sup>3</sup></b>	The management fees and costs of the Fund are estimated to be 0.75% p.a. of the net asset value ( <b>NAV</b> ) of the Fund which comprises of the following components: <ul style="list-style-type: none"> <li>- a management fee: 0.75% p.a. of the NAV of the Fund;</li> <li>- indirect costs: estimated to be 0.08% p.a. of the NAV of the Fund; and</li> <li>- expense recoveries: estimated to be 0% p.a. of the NAV of the Fund.</li> </ul>	

Fund valuations		
<b>Net asset value</b>	The NAV of the Fund indicates the value of the Fund as at the close of business on the prior Business Day. The NAV is calculated by deducting the liabilities from the aggregate value of the assets. The NAV per unit is derived by dividing the NAV by the number of units on issue in the Fund.	<i>Further information is outlined under 'Additional Fund information' in section 7 of this PDS.</i>
<b>Adjusted Indicative NAV</b>	The Adjusted Indicative NAV ( <b>Adjusted iNAV</b> ) is an indicative calculation of NAV that will be published throughout the ASX Trading Day. The Adjusted iNAV will be updated for price movements of the underlying Fund investments through live market prices, foreign currency movements or proxy instruments where possible.	
Investors – entering and exiting the Fund		
<b>Application and redemptions</b>	Investors can enter and exit the Fund by buying and selling units on the ASX in the same way as ASX listed securities. The price at which investors enter and exit the Fund will be the price at which they buy or sell the units on the ASX.  Schroders may at its discretion make off-market offers to investors for material transactions. In addition, investors may also be able to make an off-market request to withdraw their investments from the Fund where trading in units on the ASX has been suspended for five consecutive Business Days in line with the Fund's Constitution.	<i>Further information is outlined under 'How to invest in the Fund' and 'How to withdraw from the Fund' in sections 9 and 10 of this PDS.</i>
<b>Market making</b>	Schroders, on behalf of the Fund, acts as the market maker for the Fund ( <b>Market Maker</b> ) providing liquidity to market participants. At the end of each Business Day, units are issued or redeemed by Schroders depending on the net quantity traded for that particular day on the ASX.  Schroders has appointed a market making agent ( <b>Market Making Agent</b> ) to execute its market making activities as a trading participant under the ASX Operating Rules.  The Fund will bear the risk of the market making activities undertaken by Schroders on the Fund's behalf, which may result in either a cost or benefit to the Fund.  The liquidity provided by the Market Maker will ultimately be constrained by day-to-day events including, but not limited to, the continuing ability of the Market Maker to create and redeem units.	<i>Further information is outlined under 'Additional Fund information' in section 7 of this PDS.</i>
<b>Market liquidity</b>	Investors can buy and sell units from/to other investors in the secondary market in the same way as other ASX listed securities. The Market Making Agent provides liquidity to investors by acting as a buyer and seller of units.	
Reporting and contact details		
<b>Reporting</b>	Confirmation of applications/withdrawals, periodic transaction statements, distribution summary, annual tax statement, fund report and financial report.	<i>Further information is outlined under 'Keeping you informed' in section 13 of this PDS.</i>
<b>Contact details</b>	<b>Website:</b> <a href="http://www.schroders.com.au">www.schroders.com.au</a> <b>Telephone:</b> Client Services (9am – 5pm EST): +61 1300 180 103 <b>Email:</b> <a href="mailto:info.au@schroders.com">info.au@schroders.com</a>	

<sup>1</sup>Further information on the investment objective, strategy and benefits of the Fund is outlined in the 'Fund description' in section 6 of this PDS.

<sup>2</sup>Active: This means that the investment manager of the fund regularly makes decisions about buying and selling investments of the Fund.

<sup>3</sup>Management fees and costs: This represents the management fee (which includes any normal operating expenses incurred by the Fund as these are paid out of the management fee), estimated expense recovery and estimated indirect costs. Fees charged by Schroders are inclusive of GST less any RITC entitlement, where applicable. See the 'Fees and other costs' section of this PDS for further details. Schroders may rebate or reduce the management fee at its discretion where permitted by law.

### 3. Key Features of the AQUA Rules and CHES

#### AQUA Rules Framework

The units in the Fund are admitted to trading status on the AQUA market of the ASX and therefore the Fund is subject to the AQUA Rules in Schedule 10A of the ASX Operating Rules, which are outlined below and available at [www.asx.com.au](http://www.asx.com.au). The Fund is not listed on the ASX under the ASX Listing Rules (**Listing Rules**).

The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, exchange traded funds (**ETFs**) and structured products.

In operational terms, the market for products quoted under the AQUA Rules operates in the same way that it does for listed equities, with continuous matching of bids and offers and an opening and closing auction.

As most investors are more familiar with the Listing Rules, the following table sets out the key differences between the Listing Rules and the AQUA Rules.

Requirement	ASX Listing Rules	AQUA Rules
<b>Continuous disclosure</b>	Listed entities are subject to the continuous disclosure requirements in Listing Rule 3.1 and section 674 of the Corporations Act.	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements in Listing Rule 3.1 and section 674 of the Corporations Act.</p> <p>There is a requirement under the AQUA Rules that an issuer of a product quoted under the AQUA Rules provides the ASX with any information that the non-disclosure of may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> <p>Under the AQUA Rules issuers of managed funds must also disclose:</p> <ul style="list-style-type: none"> <li>- information about the NAV of the Fund's underlying investments daily</li> <li>- information about redemptions from the Fund</li> <li>- information about distributions paid in relation to the Fund</li> <li>- any other information that is required to be disclosed to ASIC under s675 of the Corporations Act, or would be required to be disclosed to ASIC under s323DA of the Corporations Act if the Fund were admitted under the Listing Rules.</li> </ul>
<b>Periodic disclosure</b>	Listed entities are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the Listing Rules.	Issuers are not required to disclose half yearly and annual financial information or annual reports under the AQUA Rules. Responsible entities of AQUA Products that are registered managed investment schemes are still required to lodge financial reports in respect of the AQUA Products with ASIC and disclose them the ASX at the same time they are sent to product holders (as required under Chapter 2M of the Corporations Act).
<b>Corporate control</b>	Requirements in the Corporations Act and Listing Rules in relation to matters such as replacement of the responsible entity, takeovers, buy-backs, change of capital, new issues, restricted securities, directors' interests and substantial shareholding disclosures apply to listed companies and schemes.	<p>Many of the requirements in the Corporations Act and the Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to listed entities do not apply to products quoted under the AQUA Rules.</p> <p>As the Fund is a registered managed investment scheme, the Responsible Entity is still required to comply with the provisions of the Corporations Act including that the Responsible Entity may be removed by an extraordinary resolution of members.</p>

<b>Related party transactions</b>	Chapter 10 of the Listing Rules, relating to transactions between a listed entity and persons in a position to influence the listed entity, specifies controls over related party transactions involving listed entities.	Chapter 10 of the Listing Rules does not apply to AQUA Products. The Responsible Entity is still required to comply with Chapter 2E and Part 5C.7 of the Corporations Act in respect of the Fund.
<b>Auditor rotation requirements</b>	There are specific requirements regarding auditor rotation in Division 5 of Part 2M.4 of the Corporations Act applying to listed entities.	Issuers of products quoted under the AQUA Rules are not subject to the requirements in Division 5 of Part 2M.4 of the Corporations Act.  Under the Corporations Act the Responsible Entity is still required to appoint an independent auditor to carry out audits of the Fund's financial statements and the Fund's compliance plan.

## CHES

The Clearing House Electronic Subregister System (**CHES**) performs two major functions for ASX:

- facilitates the clearing and settlement of trades in securities quoted on ASX; and
- provides an electronic subregister for securities quoted on ASX.

The Unit Registry will maintain an electronic subregister for the Fund with CHES on behalf of Schroders (the "CHES sponsored" subregister) in addition to maintaining an "issuer sponsored" subregister. Schroders will not issue investors with certificates in respect of their units. Rather, when investors purchase units on the ASX, they will either receive a holding statement from the Unit Registry which will set out the number of units they hold, together with their 'Securityholder Reference Number' (for holders on the issuer sponsored subregister) or a holding statement from ASX Settlement which will set out the number of units they hold, together with a 'Holder Identification Number' allocated by CHES (for holders on the CHES sponsored subregister).

## 4. Risks of investing in the Fund

It is important to understand the risks associated with investing in the Fund. The nature of investment markets is such that the return on investment markets, as well as individual investments, can vary significantly and future returns are unpredictable. In the event that any of the risks (including those described on the following pages) eventuate then they may affect the value of the Fund's assets and hence unit prices and the extent to which the Fund is able to make distributions. Different types of investments perform differently at different times and have different risk characteristics and volatility.

The risks and therefore return on investments will be influenced by factors, including many outside the control of Schroders, such as domestic and international markets, economic conditions, political climates, interest rates and inflation.

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

### Market risk

Market risk is the possibility that the market has negative returns over short or even extended periods. Different asset classes are exposed to different levels of market risk for instance, cash investments have the lowest market risk whereas equities generally have higher market risks. The returns of individual securities in any asset sector would normally be determined by a combination of the market return and returns specific to each security. Where the Fund invests in more than one asset class the level of market risk can vary from time to time subject to the allocation to each asset class at a particular point in time. Market risk also relates to the risk that the value of investments can be directly or indirectly affected by changes in legislation, economic policy, political events, technology change and changes in global economic conditions (e.g. growth and inflation) and pandemics or health crises.

## Equities risk

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

## Interest rate risk

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

## Credit risk

Credit risk arises when an issuing entity defaults or a borrower does not meet its interest and/or principal payment obligations, which results in a loss of capital to the Fund. Investments in debt securities with a lower credit rating generally have a higher risk that the issuing entity will be unable to pay interest and principal when due.

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

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

## Entity risk

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

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

## International investments risk

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

## Emerging Markets/Frontier Markets risk

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

## Currency risk

Units in the Fund are denominated in AUD. However, investments of the Fund may be denominated in other currencies. Movements in the exchange rate between the AUD and other currencies may cause the value of these investments to fluctuate when expressed in AUD. Currency risk is minimised to the extent that investments are currency hedged by Schroders from time to time.

## Derivatives risk

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

## Over the counter (OTC) derivatives risk

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments and may be more exposed to default and counterparty risks. This, in turn, may expose the Fund to the risk that a counterparty will not settle a contract, causing the Fund to suffer a loss.

In addition, the prices of such instruments may include a dealer mark-up that the Fund may pay as part of the purchase price.

The extent of counterparty risk for OTC instruments depends on whether it is traded and settled between two counterparties or cleared through a Central Counterparty Clearing house (CCP) or clearing broker. Those trades not cleared through a CCP are exposed to the risk that a counterparty will not settle a contract resulting in a loss to the Fund. This risk is mitigated to the extent that collateral is transferred or pledged in favour of the Fund and available to cover any potential default.

For OTC instruments that are centrally cleared, the counterparty risk is primarily borne by the CCP as the CCP performs both the clearing and settlement function. Counterparty risk to the clearing broker is mitigated to the extent that collateral is exchanged and held by the CCP. There is also a risk of loss by the Fund of its collateral in the event of default of the clearing broker or CCP.



## Active exchange traded fund risk

The Fund is an actively managed exchange traded fund and units in the Fund have been admitted to trading status by, and are quoted on, ASX under the AQUA Rules. There are a number of risks associated with the structure and operations of the Fund as a consequence of this, which include:

- **Liquidity of units** – Although units in the Fund will be quoted there can be no assurance that there will be a liquid market in the units. While the Responsible Entity intends to act as Market Maker on behalf of the Fund to assist in maintaining liquidity for the units on ASX, there are situations where the Responsible Entity may be required to suspend its market making activities, including due to operational disruptions. Units in the Fund may also be suspended from trading or removed from quotation, either at the request of the Responsible Entity or by ASX, which will impact on the liquidity of units in the Fund.
- **Adjusted iNAV** – The price at which the units trade on ASX may not reflect the NAV of the Fund at that time. The publication of the Adjusted iNAV, the robust pricing methodology adopted for its calculation, and the role of the Responsible Entity as Market Maker, are all intended to mitigate this risk however the market price of the units will nonetheless be affected by market forces including supply and demand amongst investors wishing to buy and sell such units.
- **Market making risk** – Under the AQUA Rules the Responsible Entity has an obligation to facilitate an orderly and liquid market in the Fund's units and acts as Market Maker on behalf of the Fund in order to do so. As such, the Fund will bear the risk and the cost of these market making activities, meaning that if the Fund suffers a cost as a result of these activities (for example, as a result of the Market Maker transacting at a disadvantageous price for the Fund) that may adversely affect the NAV of the Fund.
- **Market Making Agent risk** – The Responsible Entity has appointed the Market Making Agent, an ASX market participant, to execute its market making activities. There is a risk that the Market Making Agent could make an error in executing the Fund's market making orders, resulting in loss to the Fund. Additionally, the Fund may enter into transactions in anticipation of the Market Making Agent properly executing instructions, and if the Market Making Agent does not fulfil its obligations in a correct and timely manner the Fund may suffer loss.

## Pricing risk

While assets in the Fund are priced by us using independent pricing sources, there may be circumstances in which it is difficult for the fair value of assets to be determined, for example, where the Fund holds securities that have been suspended from trading on a recognised stock exchange. In these circumstances, there is a risk that the valuation of the security or asset may not accurately reflect its true value or what could be realised in an orderly sale of that security or asset.

## Counterparty risk

The Fund may conduct transactions through or with brokers, clearing houses, market counterparties and other agents. The Fund may also engage in 'over the counter' transactions involving derivatives. The Fund is also, to a certain extent, reliant on external services providers, such as the unit registrar and the custodian, to provide services in connection with the operation of the Fund and its investment activities.

There is a risk that these counterparties fail to meet their contractual obligations resulting in loss of capital to the Fund. There is also a risk that external service providers may default on the performance of their obligations or seek to terminate these arrangements resulting in the Fund having to seek an alternative service provider meaning that investment activities and other functions of the Fund may be affected.

## Regulatory and legal risk

Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund, its underlying investments or the Responsible Entity's ability to execute its investment strategies. Such initiatives may impact either a specific transaction type or market and may be either country specific or global and may include the imposition or tightening of exchange controls or other limitations on repatriation of foreign capital. Such changes may result in the Fund failing to achieve its investment objectives. The ASX may amend its AQUA Rules that affect the Fund or result in the Fund not being able to meet these requirements and be suspended from trading.

## Conflicts of interest risk

A conflict of interest arises when two parties may have competing interests, and this may cause the Responsible Entity or one of its agents or service providers to not act in the best interests of investors or a conflict may arise between various unitholders. The Responsible Entity maintains a conflicts of interest policy to ensure that all conflicts of interest (actual or perceived) are identified and appropriately managed.

## Cyber security risk

Unitholder details as well as the Fund's holdings are held electronically. There is a risk of financial loss, disruption or damage from either internal or external, accidental or malicious conduct targeting either the responsible entity or any of the responsible entity's agents or service providers resulting in unauthorised access to digital systems, networks or devices for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption.

## Fund risk

The following risks are inherent in any managed fund that is exchange-traded:

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

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

## 5. How Schroders seeks to manage risks

The investment process aims to minimise risk by focussing on the valuation of assets and minimising exposure to overpriced assets where risk is high. Schroders also seeks to minimise risk through diversification of the Fund's assets, by raising cash where appropriate and through the utilisation of specific strategies designed to mitigate downside risks.

Derivatives may also be used for purposes such as hedging and for the more efficient and cost effective implementation of investment strategies. Where derivatives are used, Schroders will ensure that at all times there are sufficient liquid funds to discharge its liabilities in relation to these investments.

The Fund will be managed so that its notional derivative exposure, that in aggregate relates to the underlying assets of the Fund (excluding derivatives used solely to hedge foreign exchange risk), will not be valued at more than 10% of the NAV of the Fund.

Further information about derivatives and how Schroders uses derivatives can be found in the current Schroders derivative risk policies, which can be provided at your request free of charge.

## 6. Fund description – Schroder Real Return Fund (Managed Fund)

### Investment objective

The Schroder Real Return Fund (Managed Fund) uses a multi-asset objective based strategy that specifically selects investments which in combination align with the Fund's performance objective of achieving real returns above Australian inflation over rolling 3 year periods before fees. Investments are managed with the aim of minimising the size and incidence of negative returns whilst also achieving a real return relative to inflation. The Fund may also use derivatives and active currency management to help achieve this investment objective.

### Investment approach

Unlike the traditional multi-asset investment approach that constructs investment portfolios around relatively static asset allocations, the Fund uses a dynamic approach to asset allocation to take full advantage of the opportunities presented in the market.

The diverse nature of the Fund's investment universe and broad investment ranges ensures that it has the flexibility to effectively and efficiently allocate to and select those assets that in combination target the greatest probability of achieving the Fund's investment objective in different market environments.

This is further enhanced by the incorporation of a multi-pronged risk management framework designed to identify, understand and mitigate any inherent downside risk within the Fund.

The Fund is managed with reference to environmental, social and governance ('ESG') factors. This means the impact and risk around issues such as climate change, environmental performance, labour standards or corporate governance are considered in the assessment of investments. Schroders engages with entities held by the Fund to challenge identified areas of weakness in ESG performance. Further information about how Schroders takes into account ESG factors when investing is set out in 'Labour standards and environmental, social and ethical considerations' in section 7 of this PDS.

### Asset classes and investment ranges

The Fund may invest across a broad array of asset classes within the major categories of 'growth', 'diversifying' and 'defensive' assets. The Fund may also use derivatives and active currency management. The permitted asset allocation ranges are set out below:

Asset class	Investment ranges
<i>Growth assets</i> , typically shares and property securities, offer potentially the highest return but also the highest volatility.	0 – 75%
<i>Diversifying assets</i> , typically higher yielding debt and alternatives, offer higher potential returns usually with an income generating focus which assist in diversifying the portfolio's sources of return.	0 – 75%
<i>Defensive assets</i> , typically investment grade debt securities, cash and cash equivalents, are relatively secure with lower volatility.	0 – 100%

### Key features

Investing in the Fund offers a range of benefits including:

- **The benefits of diversification:** By investing across a broad range of asset classes the Fund can take advantage of opportunities wherever they arise.
- **Active asset allocation:** The Fund's asset allocation approach is active and relatively unconstrained – this means it has sufficient flexibility to adapt to changing markets.
- **Protection from the market:** Our approach is aimed at protecting investors from bearing the full brunt of falls in markets.
- **Focus on real returns:** Developed in Australia for Australian clients, the Fund aims to deliver a 5% return above Australian inflation (before fees), over rolling 3 year periods, without taking undue risk, so that the journey to achieving this objective is a relatively stable one.
- **Expertise:** Investors will benefit from the experience and expertise of Schroders' dedicated multi-asset investment team, who have a strong track record in real return investing. We manage the Fund locally, drawing on the insights and experience of our dedicated local and global teams.
- **Available on the ASX:** The ability to trade units in the Schroder Real Return Fund (Managed Fund) on the AQUA market of the ASX makes it easy to buy, sell and own an actively managed diversified fund.

### Risks

Please refer to the section titled 'Risks of investing in the Fund' of this PDS for details.

## 7. Additional Fund information

### Unit pricing (NAV per unit)

The process for calculating NAV and NAV per unit is set out in the Fund's constitution. Schroders has appointed JPMorgan Chase Bank N.A. (Sydney Branch) (**JPMorgan**) to calculate the Fund's NAV and NAV per unit daily, which will be published on Schroders' website [www.schroders.com.au/grow](http://www.schroders.com.au/grow).

The NAV estimates the value of the Fund at the close of trading on the previous Business Day.

The Fund's assets and liabilities will usually be valued each Business Day.

Schroders' Unit Pricing Discretions Policy contains further detail about how the NAV per Unit is calculated. This policy is available on our website [www.schroders.com.au/grow](http://www.schroders.com.au/grow). A copy of this policy may be obtained free of charge upon request.

### Adjusted indicative net asset value (Adjusted iNAV)

Schroders has engaged an agent to calculate and disseminate an Adjusted iNAV, which will be published throughout the ASX Trading Day on Schroders' website [www.schroders.com.au/grow](http://www.schroders.com.au/grow).

The Adjusted iNAV will be recalculated throughout the day to take into account movements in the price of underlying assets either through live market prices or, where there is no live market price, a price is estimated based on a proxy instrument. Where this is not possible, the last price at which an asset was quoted, will be used. Where possible, proxy instruments such as S&P futures will be used to update the international listed shares component of the Fund's NAV when global markets are closed during an ASX Trading Day. In addition, the Adjusted iNAV will be updated for foreign currency movements in respect of the Fund's portfolio of international holdings.

In Schroders' opinion, the Adjusted iNAV provides a better approximation of the fair value of the Fund's NAV as through the Adjusted iNAV process for pricing assets held, Schroders will have the ability to use either the last traded price, the live market price or fair value the asset to a proxy instrument for pricing the Adjusted iNAV during the ASX's trading hours.

No assurance can be given that the Adjusted iNAV will be published continuously or that it will be up-to-date or accurate. Investors should not rely on any Adjusted iNAV which is made available in market making decisions but should consider other market information and relevant economic factors. To the extent permitted by law, neither Schroders nor its Market Making Agent shall be liable to any person who relies on the Adjusted iNAV.

Investors will be notified via the ASX Market Announcements Platform if there is any material change to the methodology for calculating the Adjusted iNAV.

The price at which units trade on the ASX may not reflect either the NAV per unit or the Adjusted iNAV. Refer to 'Trading price risk' in the section 'Risks of investing in the Fund'.

## ASIC relief

### *Ongoing disclosure relief*

ASIC has granted relief under ASIC Class Order 13/721 (as amended by ASIC Corporations (Amendment) Instrument 2019/784) under section 1020F of the Corporations Act from the ongoing disclosure requirements in section 1017B of the Corporations Act on the condition that Schroders complies with disclosure requirements in section 675 of the Act as if the Fund were an unlisted disclosing entity and includes statements in any PDS for interests in the Fund to the effect that Schroders will comply with the continuous disclosure requirements of the Act as if the Fund were an unlisted disclosing entity.

### *Periodic statements relief*

ASIC has granted relief under ASIC Class Order 13/1200 (as amended by ASIC Corporations (Amendment) Instrument 2019/784) under section 1020F of the Corporations Act from certain periodic statement requirements. In particular, Schroders is not required (and does not propose) to include in periodic statements purchase or sale price information or return on investment information details of the price at which an investor transacts in units on the ASX, or return on investment information where Schroders is not able to determine such information and the periodic statement explains why this information is not included and how it can be obtained. In addition, the relief requires Schroders to report in the periodic statement whether the Fund has met its investment objective.

## Labour standards and environmental, social and ethical considerations

Schroders takes into account labour standards and environmental, social and ethical considerations for the purposes of selecting, retaining or realising investments of the Fund.

At Schroders, we see ourselves as long-term stewards of our clients' capital, and this philosophy leads us to focus on the long-term prospects for the assets in which we invest. It is central to our investment process to analyse each investment's ability to create, sustain and protect value and to ensure that it can deliver returns in line with our clients' objectives.

We believe our responsibility includes focusing on protecting the interests of our clients from the impacts of financial and non-financial risks, including those relating to environmental, social or governance (**ESG**) factors. As such, ESG factors are integrated into our research and overall investment decisions across investment desks and asset classes. We recognise that different asset classes, portfolio strategies and investment universes require different lenses to most effectively strengthen decision making. Our integration approach spans the breadth of the investment process, from identifying trends, analysing securities, constructing portfolios, through to engagement, voting and reporting.

We have a dedicated Sustainable Investment team based in London, focused on integrating ESG considerations across investment desks and asset classes globally. Our local investment teams have access to this team to help incorporate ESG factors into their idea generation, analysis and forecasts. Our local teams can leverage the global Sustainable Investment team's research on emerging ESG trends which may highlight potentially significant valuation impacts on our investments.

Locally, our teams integrate ESG considerations across asset allocation and security decisions. We believe it is possible to actively embed ESG factors, focusing primarily on longer-term issues, into our assessments of company quality, its future revenue and in turn its value, which our analysts incorporate into their research. In addition, we also reflect our overarching ESG beliefs across our portfolios in the way we construct and implement our investments. For example, Schroders may exclude certain securities on ethical and social considerations, such as cluster munitions, tobacco and nuclear weapons. A list of securities excluded having regard to these considerations can be viewed at [www.schroders.com.au](http://www.schroders.com.au).

Schroders is also an active member of a number of investor groups focused on promoting ESG and dealing with specific issues or industries, or with whom we collaborate on various industry initiatives. We became a signatory to the PRI Association (**PRI**), a leading promoter of responsible investment practices supported by the United Nations in 2007, and we maintain the highest rating for our Strategy & Governance approach to Responsible Investment.

The Fund has been awarded the "integrated" internal Schroders accreditation, which means that sustainability is a building block where ESG factors are systematically integrated into the investment process and can be clearly evidenced. The Fund has also been awarded the "screened" internal Schroders accreditation, which means that the Fund has additional stock/security restrictions beyond cluster munitions and antipersonnel mines. Further information on sustainability at Schroders and how we integrate ESG globally can be found in our ESG Policy which is published on our website [www.schroders.com.au](http://www.schroders.com.au).

A copy of this policy may be obtained free of charge upon request.

## Custodian

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

In its role as custodian, JPMorgan as the global custodian safekeeps assets of the Fund. The role of the custodian is limited to holding assets of the Fund and it has no supervisory role in relation to the operation of the Fund. The custodian does not make investment decisions in respect of the assets held or manage those assets, and has no liability or responsibility to investors in the Fund. Additionally, the custodian is a paid service provider and is not responsible for the preparation of this document and therefore accepts no responsibility for any information in this document. The custodian may be changed from time to time and we may change the custodian where we are satisfied that the proposed new custodian meets applicable regulatory requirements. You will not be notified of a change in custodian.

## Market Maker and Market Making Agent

Under the AQUA Rules, Schroders has certain obligations in respect of the Fund to facilitate an orderly and liquid market in the Fund.

Schroders, on behalf of the Fund, acts as the Market Maker for the Fund providing liquidity to market participants. At the end of each Business Day, units are issued or redeemed by Schroders depending on the net quantity traded for that particular day on the ASX.

Schroders has appointed a Market Making Agent as its agent to execute its market making activities as a trading participant under the ASX Operating Rules.

The Fund will bear the risk of the market making activities undertaken by Schroders on the Fund's behalf, which may result in either a cost or benefit to the Fund. The risks of market making are explained in the section 'Risks of investment in the Fund'.

The liquidity provided by the Market Maker will ultimately be constrained by day-to-day events including but not limited to, the continuing ability of the Market Maker to create and redeem units.

## Related party transactions

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

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

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

## 8. Fees and other costs

### Did you know?

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

### To find out more

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

Schroders has elected to apply the fees and costs disclosure requirements in ASIC Corporations (Disclosure of Fees and Costs) Instrument 2019/1070 to this PDS.

### Fees and costs summary

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Tax details are set out in the 'Taxation issues' section of this PDS.

You should read all the information about fees and costs, because it is important to understand their impact on your investment.

Schroder Real Return Fund (Managed Fund)		
Type of cost*	Amount	How and when paid
<b>Ongoing annual fees and costs**</b>		
<b>Management fees and costs</b> The fees and costs of managing your investment <sup>1</sup>	Estimated to be 0.75% p.a. of the NAV of the Fund, comprised of: <ol style="list-style-type: none"> <li>1. A management fee of 0.75% p.a. of the NAV of the Fund***.</li> <li>2. Estimated indirect costs of 0.08% p.a. of the NAV of the Fund.</li> <li>3. Estimated expense recoveries of 0% p.a. of the NAV of the Fund.</li> </ol>	<ol style="list-style-type: none"> <li>1. The management fee is calculated and accrued daily and generally paid monthly in arrears out of the assets of the Fund within 10 business days after the end of the month.</li> <li>2. Indirect costs are generally deducted from the assets of the Fund as and when incurred.</li> <li>3. Expense recoveries are generally deducted from the assets of the Fund as and when incurred.</li> </ol>
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	Estimated to be 0% p.a. of the NAV of the Fund. <sup>2</sup>	Transaction costs generally arise when the value of the assets of the Fund are affected by the day-to-day trading of the Fund, and are deducted from the assets of the Fund as and when incurred.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fees</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>1</sup></b> The fee on each amount contributed to your investment	Nil	Not applicable

<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated in the range of 0.15% to 0.25% of the application amount on application and 0.15% to 0.25% of the withdrawal amount on withdrawal. <sup>3,4</sup>	In the limited circumstances in which it is charged, the buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and withdrawing unitholders respectively at the time of the relevant application or withdrawal.
<b>Withdrawal fee<sup>1</sup></b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee<sup>1</sup></b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

\*Unless otherwise stated, all fees and costs are quoted inclusive of GST and net of any input tax credits (ITCs) or reduced input tax credits ('RITCs') that are expected to be available to the Fund, and are shown without any other adjustment in relation to any tax deduction available to the responsible entity.

\*\*All estimates of fees in this section are based on information available as at the date of this PDS and reflects Schroders' reasonable estimates of the typical ongoing amounts for the current financial year. All costs reflect the actual amount incurred for the last financial year and may include Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was not available at the date of this PDS.

\*\*\*For certain wholesale clients (as defined in the Corporations Act), Schroders may, at its discretion and in accordance with ASIC Policy and the Corporations Act, negotiate, rebate or waive all or part of Schroders' management fee. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

<sup>1</sup>This fee includes an amount payable to an adviser. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

<sup>2</sup>The transaction costs disclosed in this fees and costs summary are shown net of any recovery received by the Fund from the buy/sell spread charged to transacting unitholders. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

<sup>3</sup>The Fund will charge a buy-sell spread for off-market transactions in the Fund's units, which are only available in limited circumstances. Investors who transact in units in the Fund on-market on ASX will acquire or dispose of their units at the price at which they transact, subject to any brokerage charged by their stockbroker, and will not incur a buy-sell spread charged by the Fund. Where Investors transact with the Market Maker on-market, the bid/offer price quoted by the Market Maker is calculated by reference to a number of factors including a spread.

<sup>4</sup>As at the date of this PDS, the buy-sell spread is 0.25% on applications and 0.25% on withdrawals. In estimating the buy-sell spread, Schroders has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for Schroders to predict) the buy-sell spread may increase significantly and it is not possible to reasonably estimate the buy-sell spread that may be applied in such situations. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

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

This table gives an example of how the ongoing annual fees and costs for the Schroder Real Return Fund (Managed Fund) can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example – Schroder Real Return Fund (Managed Fund)	Balance of \$50,000 with a contribution of \$5,000 during the year <sup>1</sup>	
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management fees and costs <sup>2</sup> comprising: Management fee <sup>3</sup> to Schroders Indirect costs Expense recoveries	<b>0.75% p.a.</b> 0.75% p.a. 0.08% p.a. 0% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$415 each year comprising: \$375 \$40 \$0
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year.
<b>PLUS</b> Transaction costs <sup>2</sup>	0% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of <b>\$415</b> . <sup>1,4</sup> <b>What it costs you will depend on the fees you negotiate.</b>

<sup>1</sup>Additional fees may apply. In limited circumstances, where an investor directly applies for units in or a redemption of units from the Fund, a buy-sell spread may apply which is not taken into account in this example. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

<sup>2</sup>Please refer to footnote \*\* in the Fees and costs summary above.

<sup>3</sup>Please refer to footnote \*\*\* in the Fees and costs summary above.

<sup>4</sup>This amount excludes fees for any additional contributions that may be made during the year. Please note that the minimum initial investment for the Fund is \$20,000, and the minimum additional investment is \$5,000. We have assumed that the \$5,000 contribution is made at the end of the year and that the value of the investment is a constant. This example is therefore calculated using the \$50,000 balance only. Please note that this is just an example. In practice, actual investment balances will vary daily and the actual fees and costs charged are based on the value of the Fund, which also fluctuates daily.

## Additional explanation of fees and costs

The investment returns of the Fund will be affected by the fees and expenses incurred. The formula below broadly outlines the fees and costs associated with your investment in the Fund. Further information on these fees and costs are calculated is set out below in this section.

Total fees and costs = management fees and costs (comprised of the management fee, indirect costs and expense recoveries (if incurred)) + performance fee (if applicable) + transaction costs + buy-sell spread (if applicable)

All estimates of fees in this PDS are based on information as at the date of this PDS and reflect the typical ongoing amounts for the current financial year. All costs reflect the actual amount incurred for the previous financial year, including Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was not available at the date of the relevant PDS.

Investors in the Fund typically will not bear any establishment fees, contribution fees, withdrawal fees, exit fees or switching fees.

## MANAGEMENT FEES AND COSTS

Management fees and costs include the amounts payable for administering the Fund, amounts paid for investing in the assets of the Fund and other expenses and reimbursements in relation to the Fund and investments.

The management fees and costs of the Fund are comprised of a management fee, indirect costs and any recoverable expenses (if incurred).

### Management fee (includes normal expenses)

This is the fee for Schroders' services as responsible entity in overseeing the operations of the Fund and/or for providing access to the Fund's underlying investments.

Schroders is entitled to a management fee of 0.75% p.a. on the NAV of the Fund (inclusive of GST less any RITC entitlement). The management fee is calculated and accrued daily and generally payable monthly in arrears. Schroders may rebate all or part of its management fees to 'wholesale clients' as defined in the Corporations Act on an individually negotiated basis. For further information, on negotiated fees, see the 'Differential Fees' section below. Wholesale clients can contact Schroders at the address specified in the 'Contacting Schroders' section.



Schroders is entitled to separately recover expenses (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns, etc) from the assets of the Fund. Provided that the expenses are properly incurred, there is no limit on the amount of these expenses that may be recovered by Schroders from the assets of the Fund. Schroders has decided to pay normal expenses (including those incurred in the administration of the Fund) out of its management fee and will only be reimbursed out of the assets of the Fund where such expenses are abnormal expenses.

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

The Fund's estimated and/or historical management fees may not be an accurate indicator of the actual management fees you may pay in the future. Details of any future changes to management fees will be provided on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

### Indirect costs

Indirect costs include any amount that we know or reasonably ought to know, or where this is not the case, may reasonably estimate has reduced or will reduce (as applicable), whether directly or indirectly, the return of the Fund, or the amount or value of the income of, or property attributable to the Fund, or an interposed vehicle (including an underlying fund) in which the Fund invests.

The management fees and costs figure disclosed in the fees and costs summary of this PDS includes the estimated indirect costs of the Fund of 0.08% p.a., which is the amount actually incurred by the Fund for the previous financial year, including Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was unavailable at the date of this PDS.

These indirect costs are reflected in the unit price of your investment in the Fund and include any underlying (indirect) management fees and costs and other indirect costs.

The indirect costs may vary from year to year, including to the extent that they rely on estimates.

Indirect costs include (where applicable):

- **Indirect management fees and costs (any underlying funds):** Managers in underlying funds will typically charge management fees and these fees are deducted from the underlying funds and the impact is included as part of their unit price. Schroders will typically offset management fees incurred by the Fund on investments in funds managed by Schroders or any other entities wholly owned by the Schroders Group to ensure that they are not an additional cost to you.

- **Other indirect costs:** In managing the assets of the Fund, Schroders may engage in trading activity in certain types of derivative financial products that are either not traded or listed on a recognised exchange and/or not used for hedging purposes but rather to gain or reduce market exposure (e.g. derivatives such as forwards, OTC options and swap arrangements). Engaging in trade activity of these types of products may give rise to other indirect costs.

The actual indirect costs that the Fund incurs may differ from the indirect costs disclosed in this PDS. Details of any future changes to indirect costs will be provided on Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

### Expense recoveries

#### *Normal expense recoveries*

Schroders is entitled to separately recover expenses (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns etc) from the assets of the Fund. Provided that the expenses are properly incurred, there is no limit on the amount of these expenses that may be recovered by Schroders from the assets of the Fund.

As at the date of this PDS, Schroders has decided to pay normal expenses (including those incurred in the administration of the Fund) out of its management fee.

#### *Abnormal expense recoveries*

Schroders may also recover abnormal expenses (such as costs of unitholder meetings, changes to constitutions, and defending or pursuing legal proceedings) from the Fund.

Abnormal expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any given year. In circumstances where such events do occur, we may decide not to recover these from a Fund.

The management fees and costs figure disclosed in the fees and costs summary in this PDS includes the estimated abnormal expense recoveries of the Fund, which is the amount actually incurred by the Fund for the previous financial year, including Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was unavailable at the date of the PDS.

## TRANSACTION COSTS

Transaction costs are the costs incurred when assets are bought or sold by the Fund and include brokerage, buy-sell spreads, settlement costs (including custody costs), clearing costs and stamp duty. Transaction costs also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by a Fund and certain costs in relation to derivative financial products.

Transaction costs are reflected in the Fund's unit price. As these costs are factored into the value of the Fund's assets and reflected in the unit price, they are an additional cost to you and are not a fee paid to Schroders as the responsible entity. The impact of transaction costs can be offset in part by the buy/sell spread charged by Schroders to transacting members (in the limited circumstances in which members can apply or withdraw directly from the Fund). These costs can arise as a result of bid-offer spreads being applied by trading counterparties to securities traded by the relevant Fund.

In limited circumstances, where investors are able to directly apply for or redeem units in the Fund from the Responsible Entity, the Fund may charge a buy-sell spread on the application or redemption amount (please refer to the section "Buy/sell spread (for off-market transactions)" below). The estimated transaction costs disclosed in the fees and costs summary in this PDS are shown net of any amount expected to be recovered by the buy-sell spread charged by Schroders, and reflects the amount actually incurred by the Fund for the previous financial year, including Schroders' reasonable estimates where Schroders was unable to determine the exact amount or information was unavailable at the date of this PDS.

The total transaction costs incurred by the Fund for the last financial year were 0.32% p.a. of the NAV of the Fund. The buy/sell spread recovery for the last financial year was 0.32% p.a. of the NAV of the Fund. As such, the net transaction costs of the Fund (representing the total transaction costs minus the amount recovered through the buy/sell spread) incurred for the last financial year were 0% p.a. of the NAV of the Fund. The dollar value of these costs over a 1 year period based on an average account balance of \$50,000 is \$0.

The Fund's estimated and/or historical transaction costs may not be an accurate indicator of the actual transaction costs you may incur in the future. Details of any future changes to transaction costs will be provided by Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) where they are not otherwise required to be disclosed to investors under law.

## BUY/SELL SPREAD (FOR OFF-MARKET TRANSACTIONS)

In limited circumstances, investors may have a right to apply for, or redeem their units with Schroders in an off-market transaction. In these circumstances, a buy/sell spread will be charged to enter or exit the Fund, as disclosed in the fees and costs summary in this PDS.

A buy/sell spread is an amount deducted from the value of a unitholder's application money or redemption proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or redemption.

An estimate of the buy/sell spread applicable to applications and redemptions from the Fund is set out in the fees and costs summary of this PDS. In estimating the buy-sell spread, Schroders has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for Schroders to predict) the buy-sell spread may increase significantly and it is not possible to reasonably estimate the buy-sell spread that may be applied in such situations.

The buy/sell spread is an additional cost to you and is additional to other costs you incur such as management fees and costs. The buy/sell spread is based on the transaction value. For example if you made a direct application for \$50,000 into the Fund and the Fund had a buy-sell spread of 0.25% on application you would pay \$125 ( $\$50,000 \times 0.25\%$ ). This amount is retained by the Fund to cover certain transaction costs.

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

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

The size of the buy/sell spread may, subject to law, be varied from time to time without prior notice to ensure that non-transacting investors are not adversely impacted by the application and redemption activities of other investors. For example, in stressed and dislocated market conditions, the buy/sell spread may increase significantly.

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

Reinvested distributions do not incur the buy/sell spread.

## Differential fees

Schroders may charge, rebate or waive all or part of the management fee to 'wholesale clients' as defined in the Corporations Act on an individually negotiated basis. Schroders can be contacted at the address specified in the 'Contacting Schroders' section of the PDS for further details.

## In-specie transfers

On investing in the Fund, any costs associated with an 'in specie' transfer will be paid by the investor.

Where a withdrawal is satisfied by an 'in specie' transfer, the investor will bear all costs, including any applicable stamp duty, payable as a result of the transfer.

Schroders reserves the right to accept 'in specie' transfers for applications in its absolute discretion or in satisfaction of withdrawals if agreed to by Schroders and a unitholder.

## Brokerage fees

When buying or selling units in the Fund via the ASX you are likely to incur brokerage fees and charges from your stockbroker or share trading account operator. You should consult your stockbroker or share trading account operator for more information in relation to their fees and charges.

## Market Making Agent cost

Schroders has appointed a market participant to execute its market making activities in order to provide liquidity in the units on the ASX and also to facilitate settlement. The Market Making Agent will earn a fee as a result of these activities which is comprised of a flat fee charged to Schroders, which Schroders will pay out of its management fee, and a transaction-based fee which is incurred by the Fund.

## Financial advisers

Additional fees may be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

## Changing the fees

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

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

However, Schroders cannot charge more than the maximum fees permitted under the Constitution as set out below (otherwise we would need unitholders' approval to increase the fee maximums in the Constitution).

## Maximum fees

### *Management fees*

The maximum management fee for the Fund is 5.13% (inclusive of GST on an RITC basis) per annum. The current management fee for the Fund is 0.75% p.a.

All management fees are calculated on the NAV of the Fund (inclusive of GST and less any RITC entitlement) except where indicated otherwise.

### *Establishment fee*

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

### *Withdrawal fee*

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

## ASIC fee calculator

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

## Taxation

Tax details are set out in the 'Taxation issues' section of this PDS.

## GST

All fees and costs outlined in this PDS are inclusive of GST less any RITC entitlement where applicable.

# 9. How to invest in the Fund

As the units are quoted on the ASX, the units are tradable on the ASX and can be purchased via a stockbroker or share trading account.

Investors do not need to complete an application form and they will settle the purchase of their units in the same way that they would settle purchases of listed securities via the ASX CHESS settlement service.

There is no minimum number of units investors can purchase on the ASX. The cost of investing in the Fund will be the price at which you purchase units on the ASX plus any brokerage fee payable to your stockbroker or share trading account operator.

Investors can add to their investment at any time by purchasing additional units on the ASX through their stockbroker or share trading account.

Consistent with securities listed on the ASX, investors do not have cooling off rights in respect of units purchased on the ASX.

Schroders may in its discretion agree to accept an application for units off-market. Subject to the AQUA Rules, Schroders has the discretion to refuse any purchase of units.

## 10. How to withdraw from the Fund

As the units are quoted on the ASX, the units are tradable on the ASX and can be sold via a stockbroker or share trading account. Investors do not need to complete a redemption form and they will settle the sale of their units in the same way that they would settle sales of listed securities via the ASX CHESS settlement service.

There is no minimum number of units investors can sell on the ASX. The proceeds from the sale of units in the Fund will be the price at which you sell units on the ASX less any brokerage fee payable to your stockbroker or share trading account operator.

### Off-market withdrawal rights

In the event that trading in the units on the ASX has been suspended for five consecutive Business Days, investors may be able to apply to Schroders directly to make an off-market withdrawal from the Fund, unless:

- the Fund has been terminated;
- the Fund is not liquid as defined under the Corporations Act; or
- the responsible entity has suspended redemptions in accordance with the Constitution.

Investors can request a withdrawal form by contacting the Unit Registry. See 'Contacting Schroders'. No minimum withdrawal amount will apply.

The off-market withdrawal process, including the calculation of the NAV per unit, applies only when the Fund is 'liquid' as defined by the Corporations Act.

If the Fund is not liquid, units may only be withdrawn pursuant to a withdrawal offer made to all investors in accordance with the Constitution and Part 5C.6 of the Corporations Act. Schroders is not obliged to make such offers. As at the date of this PDS, Schroders expects that the Fund will be liquid.

There may be other circumstances where off-market withdrawals from the Fund are suspended in accordance with the Constitution. Withdrawals may be suspended including where:

- it is impractical for Schroders, or Schroders is unable to calculate the NAV of the Fund;
- the quotation of units is suspended, halted or revoked; or
- Schroders believes it is in the best interests of investors, or is otherwise permitted or required by law.

### Staggered redemptions

Where Schroders believes it is in the best interests of unitholders, Schroders may stagger the withdrawal dates. This means that the withdrawal may be processed progressively over a period of up to 30 days at the withdrawal price applicable for each day on which a partial withdrawal is processed.

## 11. Distributions

Distributions are normally determined half yearly (in December and June), but may occur more frequently at the discretion of the Responsible Entity. Cash distributions are calculated based on the Fund's distributable income at the end of the distribution period as determined by the Responsible Entity in accordance with the Fund's Constitution divided by the number of units on issue. All taxable income will be attributed to unitholders each year in accordance with the applicable tax laws.

The distribution investors may receive will be based on the number of units they hold at the nominated record date.

A unitholder can elect to have their distributions:

- reinvested in units at the distribution reinvestment price; or
- paid to the unitholder's pre-nominated bank account with an Australian ADI or a non-Australian ADI as agreed by Schroders.

## 12. Taxation

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

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

Non-resident investors should seek their own advice on the taxation law implications of their investment in the relevant jurisdictions.

### General taxation

#### Where the Fund is an AMIT

Under the taxation regime for managed investment trusts that qualify as an 'Attribution Managed Investment Trust' (the '**AMIT Rules**') the Fund can make an election to apply the AMIT Rules subject to the Fund meeting the eligibility criteria. Schroders assessed that the Fund qualified as an AMIT and made an election to apply the AMIT Rules to the Fund from 1 July 2017.

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

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

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

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

#### **Where the Fund is not an AMIT**

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

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

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

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

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

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

## **GST**

References to GST in this PDS are to GST payable in Australia.

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

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

Under the GST regulations, 'recognised trust schemes' (which include the Funds) will be eligible for a RITC of 55% of the GST paid on the acquisition of certain services (for example, audit fees), while a RITC of 75% applies for all other services.

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

## **Non-resident taxation**

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

## **Tax File Number**

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

## 13. Keeping you informed

Schroders is subject to regular reporting and disclosure obligations in its capacity as responsible entity of the Fund.

The following information can be obtained from Schroders by visiting Schroders' website at [www.schroders.com.au](http://www.schroders.com.au) or contacting us on 1300 070 714:

- details of the NAV for the Fund – available monthly
- details of the NAV price per unit for the Fund – available daily
- Adjusted iNAV
- the latest copy of this PDS
- details of any continuous disclosure notices given by Schroders to ASIC and/or the ASX
- details of distribution announcements given by Schroders to the ASX via the ASX Market Announcements Platform
- annual reports and financial statements for the Fund
- half-yearly financial reports announced by Schroders via the ASX Market Announcements Platform
- total number of units on issue – available monthly via the ASX Market Announcements Platform
- details of the Distribution Reinvestment Plan
- information about distributions for the Fund
- Schroders' unit pricing discretions policy.

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

Potential investors may obtain copies of audited financial statements and/or details of the underlying investments or current unit prices for the Fund by contacting Schroders (see 'Contacting Schroders' section of this PDS). Under the Constitution of the Fund, Schroders or its nominee has certain discretions in calculating unit prices. A documented unit pricing policy is maintained relating to the exercise of these discretions. A copy of the policy and documents relating to it are available free of charge on our website, [www.schroders.com.au](http://www.schroders.com.au) or by contacting Schroders (see 'Contacting Schroders' section of this PDS).

### Online account access

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

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

Note that transactions cannot be made online.

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

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

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

### Up-to-date information

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

### Continuous disclosure

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

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

Pursuant to the terms of the ASIC relief (see section 7 of this PDS) granted to Schroders, it will comply with the continuous disclosure requirements of the Act as if the Fund was an unlisted disclosing entity.

## 14. Our legal relationship with investors

The Corporations Act, general law and the Constitution set out the rights and interests of the unitholders in the Fund as investors and also set out the rights, duties and obligations of Schroders as the responsible entity of the Fund.

### Compliance plan

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

### Constitution

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

### Rights and liabilities of unitholders

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

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

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

### Liability of Schroders as the responsible entity

Subject to the Corporations Act, except in the case of its own fraud, gross negligence, or wilful default, Schroders is not liable to unitholders for any loss or damage suffered relating to the Fund.

### Retirement and removal of Schroders as the responsible entity

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

### Termination of the Fund

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

## 15. Dealing with complaints

Schroders has procedures in place for dealing with complaints. Unitholders with enquiries should contact Schroders.

Notification of any complaint should be made in writing addressed to:

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

We will seek to acknowledge receipt of your complaint in writing as soon as reasonably practicable and in any event within 14 days from receipt, and address your complaint within 30 days. If Schroders has not addressed your complaint, or if you are not satisfied, you can refer your complaint to the independent complaints resolution body, the Australian Financial Complaints Authority (**AFCA**). Claims determined by AFCA are subject to maximum limits on the total value of the remedy that can be awarded. Please see the terms of reference for AFCA found at [www.afca.org.au](http://www.afca.org.au). If your complaint remains unresolved you may contact AFCA at [info@afca.org.au](mailto:info@afca.org.au) or 1800 931 678. AFCA is not available to New Zealand unitholders. If you are a New Zealand unitholder, please see the "Warning Statement for New Zealand investors" on page 27 for further details on how you may complain. AFCA is only available to retail clients.

## 16. Terms and conditions

### Conditions and acknowledgements

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

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

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

- The investor authorises Schroders and any of its authorised agents to act upon instructions given by facsimile or email with respect to Units subscribed for (and any further Units purchased) or any matter in connection with them without any liability in respect of any transfer, payment or any other act done in accordance with such instructions, including payment of proceeds from sales of Units.
- The investor bears the risk that someone who knows their account details may send Schroders an instruction to apply or withdraw via facsimile or email. Any action taken by that person will be deemed to be taken by the investor. Schroders is not responsible to the investor for any fraudulently completed communications. Schroders will not compensate the investor for any losses.
- The investor bears the risk that the use of this arrangement may result in the duplication of instructions received by Schroders. Schroders will not compensate investors for any losses arising from the processing of duplicate instructions.
- The investor agrees to release, discharge and indemnify Schroders, and any other related or associated entities of Schroders, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use by the investor of these methods of instruction.
- Schroders will only act on a completed communication that has been received by Schroders. A facsimile transmission certificate from the investor's facsimile machine is not evidence that the investor's facsimile was received by Schroders. Similarly, a record on the investor's email software showing that an email has been sent is not evidence that the email was received by Schroders. Schroders is not liable for any loss or delay resulting from the non-receipt of any transmission.
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice.
- Instructions to change payment details or signatories received by facsimile or email by Schroders will not be accepted without prior agreement by Schroders.
- The investor bears the risk of delays in processing instructions if a facsimile is not sent to the applications/withdrawals facsimile number or an email to the wrong email address.

#### 2. Signatories' terms and conditions

- If the investor has granted a power of attorney, the attorney declares that he/she has not received notice of revocation of that power. A certified copy of the power of attorney should be submitted unless it has been provided previously to Schroders.
- If investing as trustee on behalf of a superannuation fund or trust, the trustee confirms that they have the power and authority under the relevant trust deed to invest on behalf of the superannuation fund or trust.
- If investing on behalf of an unincorporated entity, the officer confirms that they have the power and authority under the relevant Rules/Constitution to invest on behalf of the entity.
- In the case of joint applications, the investors agree to hold the units as joint tenants and acknowledge that, unless otherwise stated, either investor is able to operate the account, including making withdrawal requests and additional applications.
- If investing as a company/incorporated association, the investor confirms that they are officers of the company/incorporated association and that they have the authority to bind the company/incorporated association to the investment. If they are a sole signatory signing on behalf of a company, the investor confirms that they are signing as the sole director/secretary of the company.
- Where a document received by Schroders bears a signature of an investor that has been applied electronically, and the signature appears to be authentic, Schroders will be entitled to assume (without making any further enquiries) that the investor has applied, or has authorised the application of, the signature and to act on the document as if it had been signed by the investor, and the investor agrees to release, discharge and indemnify Schroders, and any other related or associated entities of Schroders, from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising as a result of the above.



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

If the adviser/consultant/broker has been appointed, the investor confirms that the following terms and conditions will apply to the appointment (subject to applicable legal requirements):

- Schroders will only pay the investor. Payment to third parties is not permitted.
- Schroders may treat the exercise of any power by a person reasonably believed to be acting as an investor's adviser/consultant/broker or authorised signatory as if the investor had personally exercised those powers. An investor cannot claim that their adviser/consultant/broker or authorised signatory was not acting on their behalf until the arrangement is discontinued by written notice being received by Schroders.
- Schroders is authorised to disclose information about an investor's investment in the Fund to the investor's adviser/consultant/broker or the authorised personnel of the adviser/consultant/broker.
- The investor's adviser/consultant/broker or authorised signatory does not have the power to appoint another authorised signatory for an investor's investment. Only the investor has this power.
- The investor agrees to release, discharge and indemnify Schroders and any other related or associated entities of Schroders from and against any and all actions, proceedings, accounts, claims, costs, demands, charges and expenses, losses and liabilities, however arising out of the use of this arrangement or the appointment or exercise of powers by the adviser/consultant/broker or authorised signatory.
- If the payment is made in accordance with the request or instructions of the adviser/consultant/broker or authorised signatory, the investor shall have no claim against Schroders and any related or associated entities in relation to the payment.
- Any document or information required to be provided to the investor under any law that is given by Schroders to the adviser/consultant/broker or authorised signatory, in accordance with the requests or instructions of the adviser/consultant/broker or authorised signatory, shall be to the complete satisfaction of the obligation of Schroders, notwithstanding any fact or circumstance including that the document or information was requested, made or received without the investor's knowledge or authority.
- The investor is bound by the actions of the adviser/consultant/broker or authorised signatory in relation to the operation of their investment in the Fund.
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice.

### 4. Foreign Account Tax Compliance Act (FATCA) acknowledgment

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

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

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

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

## 5. Common Reporting Standard (CRS)

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

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

## 6. Privacy

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

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

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

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

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

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

## Warning statement for New Zealand investors

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

### Warning Statement

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

### Currency exchange risk

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

### Trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### Dispute resolution process

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

## 17. Glossary

<b>ADI</b>	means Authorised Deposit-taking Institution.
<b>AML/CTF Law</b>	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and relevant rules and regulations.
<b>AQUA Product</b>	has the meaning given to it in the AQUA Rules.
<b>AQUA Rules</b>	means the rules set out in Schedule 10A of the ASX Operating Rules.
<b>ASIC</b>	means the Australian Securities and Investments Commission or if it ceases to exist, any regulatory body or authority as then serves substantially the same objects.
<b>ASX</b>	means, as the context requires, ASX Limited ABN 98 008 624 691 or the financial market that it operates.
<b>ASX Trading Day</b>	has the meaning given to “trading day” under the ASX Listing Rules.
<b>AUD</b>	means Australian dollars.
<b>Business Day</b>	means a day other than a Saturday, a Sunday, New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day which is not an ASX Trading Day.
<b>CHESS</b>	means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited.
<b>Constitution</b>	means the constitution of the Fund, as amended or replaced from time to time.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Emerging Markets</b>	means developing countries around the world that are characterised by a stronger growth potential than mature economies. The investable universe of Emerging Markets is commonly defined by, but not limited to, the MSCI Emerging Markets Index.
<b>Frontier Markets</b>	means frontier countries which are defined by, but not limited to, the MSCI Frontier Markets Index.
<b>Fund</b>	means the Schroder Real Return Fund (Managed Fund), which is a registered managed investment scheme under the Corporations Act.
<b>GST</b>	means any goods and services tax, consumption tax, value-added tax or similar impost or duty that is or may be levied or becomes payable in connection with the supply of goods or services.
<b>NAV or Net Asset Value</b>	means the total assets minus the total liabilities of the Fund, units or portfolio in question, as determined in accordance with the Constitution.
<b>PDS</b>	means this Product Disclosure Statement dated 1 October 2020.
<b>Privacy Act</b>	means the <i>Privacy Act 1988</i> (Cth).
<b>RITC</b>	means a “reduced input tax credit” as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).

## 18. Contacting Schroders

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

### **Registered office**

Level 20, Angel Place  
123 Pitt Street  
Sydney NSW 2000

### **Schroders unit registry**

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

### **Website**

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

### **Email**

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

### **Client services telephone**

(+61) 1300 180 103