

7 April 2021

Dear Shareholder,

Schroder GAIA (the "Company") – Sustainable Finance Disclosure Regulation

We are writing to advise you that the investment policies of two funds (Schroder GAIA Helix and Schroder GAIA M&A) have been updated in the Company's prospectus in order to comply with new requirements imposed by Regulation (EU) 2019/2088 on the sustainability-related disclosures in the financial services sector ("SFDR").

The SFDR rules require that sustainable funds are classified under one of two new categories:

Article 8 – funds which have binding environmental and/or social characteristics

Article 9 – funds which have the objective of sustainable investment

The Appendix to this letter, which can be viewed at www.schroders.lu, shows the updated investment policy wording in respect of Schroder GAIA Helix, which has been classified as Article 8. The changes are intended to clarify the way in which the fund is currently managed. The investment objective and all other key features of the fund will remain the same. At present Schroder GAIA Helix is the only fund within the Company classified in one of the above categories.

There is no change in Schroder GAIA Helix's investment style, investment philosophy, investment strategy, and the operation and/or manner in which the fund is being managed following these clarifications.

Details of how Schroder GAIA Helix attains its environmental/social characteristics are disclosed in the relevant Fund Details of the prospectus, in the fund's investment policy and under a new section "Sustainability Criteria" in the Fund Characteristics section, as further disclosed in the Appendix.

For Schroder GAIA M&A, reference to the consideration of material environmental, social and governance factors has been removed from the investment policy for consistency with the requirements of the SFDR as the fund falls under the scope of Article 6 of SFDR (as do all the other funds except Schroder GAIA Helix). Instead, a more detailed explanation has been added to the prospectus to explain how we take sustainability risks into account in the management of all funds. Please note that we in any case take environmental, social or governance criteria (alongside other factors) into consideration in the overall risk management process.

If you would like to find out more about sustainability at Schroders and our ESG research, please visit www.schroders.com/sustainability. If you have any questions or would like more information about Schroders' products please contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

A handwritten signature in black ink, consisting of two large, rounded loops followed by a horizontal line extending to the right.

Cecilia Vernerson
Authorised Signatory

A handwritten signature in black ink, appearing to be 'M. Sommer' with a stylized, flowing script.

Mike Sommer
Authorised Signatory

Appendix

Article 8 Funds

Sub-Fund	Previous Investment Objective and Policy	Enhanced Investment Objective and Policy
<p>Helix</p>	<p>Investment Objective</p> <p>The Fund aims to provide a positive return after fees have been deducted over a three year period by investing in equity and equity related securities worldwide including emerging markets. The Fund may also invest in fixed and floating rate securities, commodity markets and currencies worldwide including emerging markets.</p> <p>Investment Policy</p> <p>The Fund is actively managed and allocates its assets across multiple underlying strategies including, but not limited to, long/short and long-only equity, fixed income and credit, global macro, market neutral and relative value.</p> <p>The Investment Manager aims to allocate assets to a diversified set of underlying strategies and to manage overall risk centrally. The combination of underlying strategies will be diversified across investment styles, market sectors, investment themes and time horizons, with the aim of mitigating the Fund's dependency on any single source to drive returns. Allocations to each underlying strategy are sized to meet the return objective, risk tolerance and guidelines of the Fund. The impact of each underlying strategy on the Fund's overall risk profile is individually and collectively evaluated with attention given to correlations between investment strategies.</p>	<p>Investment Objective</p> <p>The Fund aims to provide a positive return after fees have been deducted over a three year period by investing in equity and equity related securities worldwide including emerging markets. The Fund may also invest in fixed and floating rate securities, commodity markets and currencies worldwide including emerging markets.</p> <p>Investment Policy</p> <p>The Fund is actively managed and allocates its assets across multiple underlying strategies including, but not limited to, long/short and long-only equity, fixed income and credit, global macro, market neutral and relative value.</p> <p>The Investment Manager aims to allocate assets to a diversified set of underlying strategies and to manage overall risk centrally. The combination of underlying strategies will be diversified across investment styles, market sectors, investment themes and time horizons, with the aim of mitigating the Fund's dependency on any single source to drive returns. Allocations to each underlying strategy are sized to meet the return objective, risk tolerance and guidelines of the Fund. The impact of each underlying strategy on the Fund's overall risk profile is individually and collectively evaluated with attention given to correlations between investment strategies.</p>

	<p>The Fund invests in equity and equity related securities, fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies, currencies and commodities as well as Investment Funds investing in such instruments.</p> <p>Fixed or floating rate securities include bonds, emerging market debt, convertible bonds (including contingent convertible bonds), inflation linked bonds and sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies). The Fund may invest 50% of its assets in sub-investment grade securities. The Fund may invest up to 20% of its assets in mortgage-backed and asset-backed securities. The Fund may invest in convertible bonds and bonds with warrants. The exposure to convertible bonds includes up to 10% (on a net basis) in contingent convertible bonds. The Fund may invest directly in China B-Shares and China H-Shares and may invest up to 10% of its assets (on a net basis) directly or indirectly through derivatives in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. Investments in commodities are made indirectly using derivative instruments (including total return swaps) whose underlying assets consist of eligible diversified commodity indices and other eligible underlying assets. The Fund will not acquire physical commodities directly, nor will it invest directly in any derivative that has physical commodities as an underlying asset. The Fund uses derivatives extensively (including total return swaps and contracts for difference), long and short, with the aim of achieving investment gains, reducing risk (including management of interest rate and currency risks) or managing the Fund more efficiently. The Fund has the flexibility to implement long and short active currency positions via financial derivative instruments. Where the Fund</p>	<p>The Fund invests in equity and equity related securities, fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies, currencies and commodities as well as Investment Funds investing in such instruments.</p> <p>Fixed or floating rate securities include bonds, emerging market debt, convertible bonds (including contingent convertible bonds), inflation linked bonds and sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies). The Fund may invest 50% of its assets in sub-investment grade securities. The Fund may invest up to 20% of its assets in mortgage-backed and asset-backed securities. The Fund may invest in convertible bonds and bonds with warrants. The exposure to convertible bonds includes up to 10% (on a net basis) in contingent convertible bonds. The Fund may invest directly in China B-Shares and China H-Shares and may invest up to 10% of its assets (on a net basis) directly or indirectly through derivatives in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. Investments in commodities are made indirectly using derivative instruments (including total return swaps) whose underlying assets consist of eligible diversified commodity indices and other eligible underlying assets. The Fund will not acquire physical commodities directly, nor will it invest directly in any derivative that has physical commodities as an underlying asset. The Fund uses derivatives extensively (including total return swaps and contracts for difference), long and short, with the aim of achieving investment gains, reducing risk (including management of interest rate and currency risks) or managing the Fund more efficiently. The Fund has the flexibility to implement long and short active currency positions via financial derivative instruments. Where the Fund</p>
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	<p>uses total return swaps and contracts for difference, the underlying consists of instruments and indices in which the Fund may otherwise invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used to gain long and short exposure on equity and equity related securities and fixed and floating rate securities and commodity indices. The gross exposure of total return swaps and contracts for difference will not exceed 1,000% and is expected to remain within the range of 300% to 600% of the Net Asset Value. In certain circumstances this proportion may be higher.</p> <p>The Fund may be net long or net short when long and short positions are combined.</p> <p>The Fund may invest in Money Market Investments and hold cash. The Fund may exceptionally hold up to 100% of its assets in cash. The Fund may invest up to 10% of its assets into open ended Investment Funds and ETFs.</p> <p>Some of the Fund’s Share Classes may be closed to new subscriptions or switches in, as described in section 2.3.</p>	<p>uses total return swaps and contracts for difference, the underlying consists of instruments and indices in which the Fund may otherwise invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used to gain long and short exposure on equity and equity related securities and fixed and floating rate securities and commodity indices. The gross exposure of total return swaps and contracts for difference will not exceed 1,000% and is expected to remain within the range of 300% to 600% of the Net Asset Value. In certain circumstances this proportion may be higher.</p> <p>The Fund may be net long or net short when long and short positions are combined.</p> <p>The Fund may invest in Money Market Investments and hold cash. The Fund may exceptionally hold up to 100% of its assets in cash. The Fund may invest up to 10% of its assets into open ended Investment Funds and ETFs.</p> <p>The Fund maintains a positive absolute sustainability score, based on the Investment Manager’s rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>Some of the Fund’s Share Classes may be closed to new subscriptions or switches in, as described in section 2.3.</p> <p>Sustainability Criteria</p> <p>The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.</p> <p>Sustainability is considered as both an alpha opportunity and a risk through the Fund’s investment approach. When selecting underlying strategies for inclusion in the Fund, the Investment Manager seeks to identify those that take ESG factors into account within their investment approach. The Investment Manager seeks to understand how ESG factors, such as treatment of</p>
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		<p>shareholders, governance, management quality and the environmental impact, are considered within the approach, what tools are used and what role engagement plays.. The Investment Manager reviews on an ongoing basis how sustainability is embedded within each underlying strategy's investment approach and philosophy.</p> <p>In addition, the overall sustainability performance of the Fund is considered. This is assessed using a proprietary tool. Each company held in the Fund is assessed to determine its performance on sustainability issues. These are then aggregated together to provide a score for each underlying strategy and also an overall score for the Fund.</p> <p>The primary inputs into the investment process are regular interaction with the managers of the underlying strategies, Schroders' proprietary sustainability tools and risk tools coupled with third party ESG research.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/gfc.</p> <p>The Investment Manager ensures that at least:</p> <ul style="list-style-type: none">- 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and- 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign
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		<p>debt issued by emerging countries, held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.</p>
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