Schroders

Schroder Australian High Yielding Credit Fund - Active ETF

Exchange Code: HIGH

Product Disclosure Statement
Issued: 2 November 2026

ARSN: 098 143 796

Issuer and responsible entity

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Important information

This Product Disclosure Statement ('**PDS**') is a summary of significant information relating to the Schroder Australian High Yielding Credit Fund - Active ETF ('the **Fund**') which is a class of units (the '**Active ETF Class**') in the registered managed investment scheme, the Schroder Australian High Yielding Credit Fund (ARSN 098 143 796) (the '**Scheme**'). All rights and entitlements of a unit specified in this PDS relate to the rights, entitlements, liabilities and other amounts referrable to the Active ETF Class (that is, to the Fund). Where context requires, including for example in relation to the calculation of unit prices, fees and costs, a reference to the Fund refers to the Active ETF Class of units in the Scheme. No other fund, trust or class of units is offered in this PDS. A copy of this PDS has been lodged with the Australian Securities & Investments Commission ('**ASIC**').

No responsibility as to the content of this PDS is taken by ASIC or TMX Australia Exchange Pty Limited ('**TMX'**). 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 Limited and its subsidiaries, which forms part of the broader Nuveen LLC group ('**Nuveen'**) owned by Teachers Insurance and Annuity Association of America ('**TIAA**'). No other fund, trust or class of units is offered in this PDS. You should read and consider all the information in this PDS before making a decision to invest in the Fund. You can download a copy of the PDS from the Schroders' website at www.schroders.com.au or request a copy free of charge by calling us on (+61) 1300 136 471.

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 relevant to investments in the Fund, please refer to section 5 of this PDS, 'Risks of investing in the Fund.'

As at the date of the PDS, the Fund has been admitted to quotation on the TMX market. Investors can buy units on the TMX market 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.

The offer

The offer or invitation to subscribe for units in the Fund under this PDS is only available to persons who are, or who have been engaged to act on behalf of persons who have been, authorised as trading participants under the TMX Operating Rules ('**Authorised Participants**') and, where required, have entered into a relevant Authorised Participant Agreement.

Investors who are not Authorised Participants looking to acquire units in the Fund cannot apply directly through this PDS but may acquire units on the secondary market through TMX. Please consult your stockbroker or financial adviser. Investors who are not Authorised Participants may use this PDS for information purposes only to assess the merits of investing in the Fund.

The offer of units in the Fund under this PDS is only 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.

Up to date information

The information in this PDS is up-to-date at the time of preparation. Certain information in this PDS may change from time to time. This includes but is not limited to potential changes which we have identified (including the latest performance of the Fund and the Fund's asset allocation information). 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. 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 (see 'Contacting Schroders' section of this PDS). 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 fund administrator and custodian of the Fund ('**JPMorgan'**) and MUFG Corporate Markets (AU) Limited as unit registrar for the Fund ('**MUFG**') 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 MUFG 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 MUFG have withdrawn their consent before the date of this PDS.

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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 has helped Australian investors achieve their objectives since 1964 through our diversified suite of actively managed investment products, which now spans both public and private markets. Our local expertise in equities, fixed income, multi-asset and alternatives, combined with our global resources facilitates a diversity of thought to seek to assess each situation from every angle and consider the long-term impact on returns and the earth.

Schroders is part of the Schroders Group, a global asset and wealth manager with over 220 years' experience which is based in London. Schroders offers Australian investors the strength and stability of a global firm coupled with the long-term perspectives and independent thinking of a local manager.

Why Schroders?

- Stability of a global firm with strong heritage
- A diverse and experienced investment team with an independent view
- Active investment is a core aspect of our business
- We strive to put investors' interests at the heart of everything we do

For further information, please visit our website www.schroders.com.au.

2. At a glance

Fund details		
Fund name	Schroder Australian High Yielding Credit Fund - Active ETF ('**Fund**'), being a class of units in the Schroder Australian High Yielding Credit Fund ('**Scheme**')	
ARSN	098 143 796	
Exchange code	HIGH	
Investment details		
Fund description	The Fund is an active credit strategy which seeks to deliver higher monthly income, by investing predominantly in a range of Australian higher yielding debt securities, including corporate debt and subordinated securities. The Fund is well diversified across sectors, the corporate capital structure and credit ratings spectrum. The most critical element of the investment process is to identify which assets to own and when to own them. This is complemented by extensive credit research and expertise in individual credit selection. The targeted result is a diversified portfolio of corporate bonds and other debt securities with the potential to deliver consistent returns above cash and term deposits but with less risk and volatility than the equity market.	
Investment return objective[1]	To outperform the RBA Cash Rate plus 2.5% to 3% p.a. before fees over the medium term	**Further information is outlined under the 'Fund description' section of this PDS.**
Type of investment	The Fund is a class of units in a registered managed investment scheme structured as a unit trust which are able to be traded on the TMX market. As the Fund has been admitted to quotation on the TMX market, the Fund offers investors the opportunity to buy or sell a portfolio of assets in a single transaction. Exchange traded managed investment schemes, have a number of benefits, including diversification, transparency and liquidity.	
Investment category	Fixed income	
Suitability	The Fund is **likely to be appropriate** for a consumer seeking capital preservation and income, who intends to use the fund as a minor portfolio component (up to 25% of their investable assets), has a minimum investment timeframe of three years, and can bear a medium level of investment risk and capital loss. The consumer must also accept the on-market trading and withdrawal arrangements set out in the PDS. The Fund is **generally not appropriate** for a consumer whose primary objective is capital growth; who has a low risk tolerance; who requires a shorter investment timeframe or immediate or guaranteed access to capital; or who intends to allocate more than 25% of their investable assets to the fund.	**Further information is outlined under the 'Investor suitability and target market determination' section of this PDS.**
Minimum suggested holding period	At least 3 years. Please note this is a guide only, not a recommendation.	
Management style[2]	Active	
Liquidity	The Scheme will primarily invest in liquid assets in accordance with its investment strategy. As a result the Scheme is expected to be able to liquidate its investments in order to meet any withdrawal requests from investors on a daily basis. At the date of this PDS, we reasonably expect that at least 80% of the Scheme's assets are capable of being realised at the value ascribed to those assets when calculating the Fund's NAV, within 10 days. Where applicable, we will provide relevant information with respect to liquidity in the monthly reports for the Fund. The Schroders Group Investment Risk Framework requires regular monitoring of the liquidity of the assets in which the Fund invests to seek to ensure that the Fund remains liquid and within permitted investment parameters.	**Further information is outlined under the 'How to withdraw from the Fund' section of this PDS.**

Distribution frequency	Typically monthly, calculated as at the last Business Day of each calendar month.	**Further information is outlined under the 'Distributions' and 'Taxation' sections of this PDS.**
Risks of investing in the Fund	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, Interest rate risk, Credit risk, Entity risk, Currency risk, Derivatives risk (including over-the-counter (**OTC**) derivatives risk), Active exchange traded fund risk, Asset liquidity risk, Counterparty risk, Regulatory and legal risk, Conflicts of interest risk, Cyber security risk, Negative Screening risk, Sustainability-related terminology risk, Fund risk, Class risk, Market concentration risk, Subordindated debt risk	**Further information is outlined under the 'Risks of investing in the Fund' section of this PDS.**
Fees and other costs		
Fees when your money moves in or out of the Fund	Nil	**Further information is outlined under the 'Fees and costs' section of this PDS.**
Management fees and costs[3]	The management fees and costs of the Fund are estimated to be **0.50% p.a.** of the net asset value ('**NAV**') of the Fund which comprises of the following components: – A management fee: 0.50% p.a. of the NAV of the Fund – Indirect costs: estimated to be 0% p.a. of the NAV of the Fund – Expense recoveries: estimated to be 0% p.a. of the NAV of the Fund	
Fund valuations		
Net asset value	The NAV of the Fund indicates the value of the Fund as at the close of business on the prior Business Day, unless otherwise determined by the Responsible Entity. 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.	**Further information is outlined under the 'Additional Fund information' section of this PDS.**
Adjusted Indicative NAV	The Adjusted Indicative NAV (**'Adjusted iNAV'**) is an indicative calculation of NAV that will be published throughout TMX market trading hours on each day the TMX market is open for trading. The Adjusted iNAV will be updated for price movements in the assets in the Proxy Basket.	
Authorised Participants - entering and exiting the Fund		
Applications – Authorised Participants	The offer for units in the Fund made in this PDS is only available to Authorised Participants. The minimum application amount is $20,000. Only whole units in the Fund will be issued. Accordingly, applications will be rounded up to the next whole unit, with a balancing cash amount being payable by the Authorised Participant to the Fund equal to the difference between its original cash application amount and the amount required for the issue of the whole number of units after rounding. A valid application request must be received in our Sydney office before 3:00pm Sydney time on a Business Day (referred to as the **'transaction cut-off time'**). The transaction cut-off time may be changed by Schroders at its discretion without notice. An Authorised Participant may make an application to create units by completing the Application for Creation/Redemption Form and paying to the Fund the cash application amount and balancing amount.	**Further information is outlined under the 'How to invest in the Fund' and 'How to withdraw from the Fund' sections of this PDS.**

Redemptions – Authorised Participants	Units in the Fund can only be redeemed by an Authorised Participant. The minimum redemption amount is $20,000. Only whole units in the Fund will be redeemed. Accordingly, redemptions will be rounded down to the next whole unit. This may cause the redemption amount paid out by the Responsible Entity to be less than the requested redemption amount. A valid redemption request must be received in our Sydney office by the transaction cut-off time on a Business Day. An Authorised Participant can make an application to redeem units by completing the Application for Creation/Redemption Form. The proceeds of redemptions will be paid to the Authorised Participant generally in cash after the redemption is processed and the relevant units are cancelled.	
Investors - entering and exiting the Fund		
Market liquidity	Investors can buy and sell units from/to other investors in the secondary market in the same way as other securities quoted on the TMX market. The Authorised Participant may provide liquidity to investors by acting as a buyer and seller of units. The Responsible Entity has appointed an Authorised Participant to act as market maker in respect of the Fund ('**Market Maker**') under a market making agreement to facilitate this liquidity ('**Market Maker Agreement**').	**Further information is outlined under the 'Additional Fund information' section of this PDS.**
Application and redemptions – Investors who are not Authorised Participants	Generally, investors may not apply for or redeem their units in the Fund directly from the Responsible Entity and can only enter and exit the Fund by buying and selling units on TMX in the same way as other products are traded on the TMX market. The price at which investors enter and exit the Fund will be the price at which they buy or sell the units on TMX. The buying and selling of units on TMX is not governed by the terms of this PDS and therefore minimum application and redemption requirements described in this PDS as applying to Authorised Participants do not apply to such purchases or sales. Investors who are not Authorised Participants may be able to make an off-market request to withdraw their investments from the Fund in limited circumstances where trading in units on TMX has been suspended for five consecutive Business Days in line with the Scheme's Constitution.	
Reporting and contact details		
Reporting	Confirmation of applications/withdrawals, periodic transaction statements, distribution summary, annual tax statement, fund report and financial report.	**Further information is outlined under the 'Keeping you informed' section of this PDS.**
Contact details	**Website:** www.schroders.com.au **Telephone:** Client Services (9am–5pm EST): (+61) 1300 136 471 **Email:** SIMAL@schroders.com	

[1]Further information on the investment objective, strategy and benefits of the Fund are outlined under 'Fund description' in section 3 of this PDS.
[2]Active: This means that the Investment Manager of the Fund regularly makes decisions about buying and selling investments of the Fund.
[3]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 and net of any input tax credits ('**ITC**s') or reduced input tax credits ('**RITC**s') 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. 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. Fund description

Fund structure

The Schroder Australian High Yielding Credit Fund - Active ETF is a class of units in the Scheme that has been admitted to quotation on the TMX market. This means that investors can buy and sell units in the Fund on the TMX market during trading hours on a day the TMX market is open for trading.

Investment return objective

To outperform the RBA Cash Rate plus 2.5% to 3% p.a. before fees over the medium term.

Investment approach

The Fund is an active strategy which invests predominantly in a range of Australian higher yielding debt securities, including corporate debt and subordinated securities. It employs a disciplined approach to fundamental credit research and active portfolio management to capture the credit risk premium with an objective to outperform cash through the cycle.

Asset classes and investment ranges

The Fund may invest in a range of debt securities such as corporate bonds across the credit spectrum, subordinated debt securities, and cash. Debt securities include those issued in Australian dollar, or those denominated in foreign currency by Australian and New Zealand issuers. The permitted asset allocation ranges are set out below:

Asset classes	Investment ranges
Australian senior debt securities	0–80%
Australian subordinated debt securities	20–100%
Cash and cash equivalents	0–20%

Investor suitability and target market determination

In accordance with our 'design and distribution' obligations under Part 7.8A of the Corporations Act, we have considered the design of the Fund (including its key attributes) and determined an appropriate target market for the Fund – that is, a class of investors for whom the Fund, including its key attributes, we consider would likely be consistent with their likely objectives, financial situation and needs. These considerations are documented in the Target Market Determination (**TMD**) for the Fund, and a summary of our determination is set out in section 2 of this PDS.

A copy of the current TMD for the Fund is available on the Schroders website www.schroders.com.au. Copies of historical TMDs can also be obtained by contacting Schroders at the address specified in the 'Contacting Schroders' section.

We may from time to time seek information from individual investors to ensure that the Fund is distributed in accordance with its TMD or to otherwise fulfil our obligations under the DDO Regime.

Key features

Investing in the Fund offers a range of benefits including:

- **Actively managed diversified credit strategy** which seeks to offer a predictable and attractive monthly income stream with daily liquidity;
- **Flexibility** to invest across the Australian credit universe, unconstrained by benchmarks;
- **Focus on risk-adjusted returns** where there needs to be appropriate reward for risk taken, and emphasis on avoidance of defaults to preserve investor capital;
- **Strong research commitment** with the Schroder Credit Research team performing fundamental sector issuer and ESG analysis;
- **Managed by an experienced, resourced and dedicated Australian-based investment team** with clear accountability that is well integrated into the broader Schroders' global network of investment resources; and
- **Availability on TMX**: the Fund's quotation on the TMX market makes it easy for investors to buy, sell and own units in an actively managed diversified income fund.

Liquidity

The Scheme will primarily invest in liquid assets in accordance with its investment strategy. As a result the Scheme is expected to be able to liquidate its investments in order to meet any withdrawal requests from investors on a daily basis.

At the date of this PDS, we reasonably expect that at least 80% of the Scheme 's assets are capable of being realised at the value ascribed to those assets when calculating the Fund's NAV, within 10 days. Where applicable, we will provide relevant information with respect to liquidity in the monthly reports for the Fund.

The Schroders Group Investment Risk Framework requires regular monitoring of the liquidity of the assets in which the Fund invests to seek to ensure that the Fund remains liquid and within permitted investment parameters.

Risks

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

4. Key Features of the TMX Operating Rules and CHESS

TMX Operating Rules Framework

The units in the Fund are quoted on the TMX market under the TMX Operating Rules as investment products. The TMX Operating Rules are available at https://cdn.cboe.com/resources/au/tmx/participant_resources/Operating_Rules_Clean.pdf

The following table highlights the key differences between securities of a listed entity, as that term is defined in the Corporations Act, and an investment product that is quoted on the TMX market. For this purpose, the Corporations Act provides that a company, managed investment scheme or other body is listed if it is included in the official list of a prescribed financial market operated in this jurisdiction.

Requirement	Securities of listed entities	Investment product quoted under TMX Operating Rules
Control	A listed entity has control over the operation of its business and in doing so can influence the value of its own securities. For example, the management and the board of a listed entity may carry out corporate actions that have a direct impact on security prices, or can make decisions affecting business performance that in turn impact security prices.	An investment product quoted on the TMX market is typically an investment vehicle through which investors obtain exposure to underlying assets. An issuer of an investment product quoted under the TMX Operating Rules typically controls the allocation of the investment product's funds among underlying assets, but does not directly influence the value of the underlying assets. Instead, the value of the underlying assets (and by extension the value of the investment product) is dependent on the performance of the underlying assets rather than the financial performance of the issuer itself.
Continuous disclosure	Listed entities are subject to the continuous disclosure requirements under section 674 of the Corporations Act and, in the case of entities listed on TMX, TMX Listing Rule 5.2.	Issuers of investment products quoted under the TMX Operating Rules are not subject to the continuous disclosure requirements under TMX Listing Rule 5.2 and section 674 of the Corporations Act. There is a requirement under Rule 14.29 of the TMX Operating Rules that an issuer of an investment product quoted under the TMX Operating Rules provides TMX with any information that is not generally available and that may lead to the establishment of a false market in its products or would be likely to otherwise impact the price of its products. Under the TMX Operating Rules issuers of quoted investment products must also disclose certain specific information including: – Daily information about the NAV of the Fund – The Fund's NAV whenever the issuer's management activities cause the Fund's NAV to move by more than 10% since the last reported NAV – Information about redemptions – Information about dividends and distributions paid to unitholders and any distribution statements (or information) made available or provided to unitholders – Any other information that is, or would be, required to be disclosed to ASIC under sections 675 or 1017B of the Corporations Act, or would be required to be disclosed to TMX under section 323DA of the Corporations Act if the Fund were admitted under the Listing Rules
Periodic disclosure	Entities listed on TMX are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the TMX Listing Rules.	Under TMX Operating Rules, issuers are not required to disclose their half yearly and annual financial information or annual reports. Responsible entities of registered managed investment schemes quoted on TMX are, however, still required to lodge financial reports for those managed investment schemes with TMX at the same time as they are provided to ASIC and investors (as required under Chapter 2M of the Corporations Act). In addition, under the TMX Operating Rules issuers of quoted investment products must also disclose each month:

		– Information about the total number of units of the investment product on issue – Unless otherwise exempt under the TMX Operating Rules, where the Fund's aggregate notional exposure to all OTC derivatives is greater than 5% of the Fund's NAV, certain information about the Fund's OTC derivative exposure
Corporate control	Requirements in the Corporations Act and TMX Listing Rules in relation to matters such as replacement of a Responsible Entity, takeovers, buy-backs, change of capital, new issues, restricted securities, directors' interests and substantial shareholding disclosures apply to companies and schemes listed on TMX.	Many of the requirements in the Corporations Act and all of the requirements in the TMX 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 investment products quoted under the TMX Operating Rules. 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.
Related party transactions	Entities listed on TMX are subject to Chapter 10 of the TMX Listing Rules, which contains restrictions on transactions between an entity and persons in a position to influence the entity.	Chapter 10 of the TMX Listing Rules does not apply to investment products quoted under the TMX Operating Rules. The Responsible Entity is still required to comply with Chapter 2E and Part 5C.7 of the Corporations Act in respect of the Fund.
Auditor rotation requirements	There are specific requirements regarding auditor rotation in Division 5 of Part 2M.4 of the Corporations Act applying to listed entities.	Issuers of investment products quoted under the TMX Operating 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.

Compensation

Retail investors who suffer loss as a result of the misappropriation or fraudulent misuse of their money, property or authority by a TMX participant, may be eligible to claim compensation under the TMX compensation arrangements.

In certain circumstances, and if the loss is suffered in respect of matters arising on or after 26 October 2020, the National Guarantee Fund operated by the Securities Exchanges Guarantee Corporation ('**SEGC**') may apply to the loss. Please refer to the SEGC's website at www.segc.com.au for further information.

If the loss is suffered in respect of matters arising before 26 October 2020, that loss may be covered under the arrangements outlined in section 11 of the TMX Operating Rules which are available at TMX's website at https://www.tmxaustralia.com/compliance.

CHESS

The Clearing House Electronic Subregister System ('**CHESS**') performs two major functions in relation to trading on TMX:

– Facilitates the clearing and settlement of trades in products quoted on TMX

– Provides an electronic subregister for products quoted on TMX

The Unit Registry will maintain an electronic subregister with CHESS on behalf of Schroders (the 'CHESS 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 TMX, they will either receive a holding statement from the Unit Registry which will set out the number of units they hold, together with the 'Securityholder Reference Number' (for holders on the issuer sponsored subregister) or a holding statement which will set out the number of units they hold, together with a 'Holder Identification Number' allocated by CHESS (for holders on the CHESS sponsored subregister).

5. 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
The market as a whole, or a particular market segment or asset class, may be affected by events such as changes in legislation, economic policy, political events, technological change, changes in domestic and global economic conditions (e.g. growth and inflation) and pandemics or health crises. These events can be unpredictable and can have broad ranging impacts. The assets of the Fund are exposed to market risk to varying degrees, and there is a risk that occurrence of such events may have an adverse impact on the value of some or all of the assets of the Fund, causing reductions in the value of the Fund's units.

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.

Market concentration risk
The risk resulting from the Fund being concentrated in a particular country or geographic region which may result in large changes in the value of the Fund, both up or down.

Subordinated debt risk: subordinated debt is debt that ranks below senior debt in an issuer's capital structure. If an issuer defaults or is wound up, holders of subordinated debt rank behind higher-ranking creditors for repayment. This means the Fund may recover less than holders of senior debt securities issued by the same issuer, or receive no repayment of capital or outstanding interest.

Currency risk
Includes the risk that foreign currency fluctuations may negatively affect the value of investments. If permitted by the Fund's investment guidelines, currency hedging may be used to manage some of this risk.

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 magnify existing risks or 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 which 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 Clearinghouse (**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 functions. Counterparty risk to the CCP or clearing broker is mitigated to the extent that collateral is exchanged and held by the CCP. There is 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 for which Schroders has applied for units in the Fund to be quoted on TMX under the TMX Operating 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 the units in the Fund will be quoted there can be no assurance that there will be a liquid market in the units. While one or more Authorised Participants have been appointed by the Responsible Entity to make a market in the units on the TMX market, this service may not be available at all times (for example, if the Authorised Participants are required to suspend this service 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 TMX, which will impact on the liquidity of units in the Fund.
- **Adjusted iNAV** – The price at which the units trade on TMX 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 appointment of Authorised Participants as Market Makers (using the Proxy Basket), 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 TMX Operating Rules the Responsible Entity has an obligation to facilitate an orderly and liquid market in the Fund's units and has appointed Authorised Participants as Market Makers to assist the Responsible Entity in doing so. Whilst the Responsible Entity will monitor the Market Makers' ability to maintain continuous liquidity in the market, there is no guarantee of liquidity, particularly if there is a failure by the Market Makers to make a market.
- **Market Maker risk** – The Responsible Entity has appointed one or more Market Makers, each a TMX market participant, to execute market making activities. There is a risk that either or both Market Maker 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 Maker properly executing instructions, and if the relevant Market Maker does not fulfil its obligations in a correct and timely manner the Fund may suffer loss.

Asset liquidity risk
Asset liquidity risk relates to the probability of loss arising from the difficulty of selling an investment due to insufficient buyers or sellers in the open market or other prevailing market conditions. The level of liquidity can fluctuate especially for smaller or microcap company shares, high yield and corporate debt. In these circumstances, in addition to the potential loss that the Fund may suffer if required to sell assets, the generally acceptable timeframe for satisfying withdrawal requests may not be able to be met and/or the transaction costs associated with the withdrawal may be higher.

Counterparty risk
The Fund may conduct transactions through or with brokers, clearing houses, market counterparties and other agents and counterparty risk may arise from those transactions. It also may arise from 'over the counter' transactions involving derivatives. The Fund is also, to a certain extent, reliant on external services providers, such as the 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.

The methodology applied by Schroders to choose hedging counterparties is set out in the Schroders Group Derivatives Risk Management Policy.

Regulatory and legal risk
Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund or 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.

Conflicts of interest risk
A conflict of interest arises when a party is subject to multiple competing interests. In the context of the Fund, this may arise where Schroders, one of its agents or service providers, or their respective directors or employees, has a personal interest that is inconsistent with the best interests of investors, or if Schroders is required to make decisions which may affect different unitholders with competing interests. Schroders 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 Schroders or any of Schroders' 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.

Negative Screening risk
Schroders applies some Negative Screens including revenue based exclusions with data from MSCI or other third parties, please refer to the 'Labour standards and environmental, social and ethical considerations' section in this document for more details on how Schroders applies the Negative Screens. While MSCI (or other relevant data provider, as applicable) covers a large portion of the investible universe, it does not have coverage for all companies. In these instances where accurate revenue data may not be readily available, there may be the risk the Fund has exposure to companies where their revenues potentially exceed the stated screening thresholds. Furthermore, given the periodic update schedule of the MSCI revenue data in some Schroders screening processes, the Fund may also temporarily hold exposure to companies where revenues may potentially exceed the stated thresholds, prior to their divestment. The Fund may on an exceptions basis, hold securities in companies that do not meet the Negative Screens, with further detail provided in the 'Labour standards and environmental, social and ethical considerations' section of this document.

Sustainability-related terminology risk
You may have differing views, opinions and understanding of the meaning of the terminology used in this document, to Schroders or MSCI or other third party providers, and therefore your expectations of permitted investments may be different to the actual investments of the Fund.

Class risk
The Fund has been established as a separate class of units in the Scheme, a registered managed investment scheme. The Constitution provides that the assets are held on trust for the investors. There is a risk that investors of different classes, such as the Fund, may be exposed to liabilities of another class of units and they could lose some or all of their investment in the Fund. There is also a risk that in the event of an insolvency, the assets of the Fund could be made available to creditors of another class of units in respect of the Scheme.

Fund risk
The following risks are inherent in the Fund:

- the investment team may change, which may affect the Fund's future performance;
- investing in the Fund may result in a different outcome to investing directly because of the application of tax laws to the Fund, income or capital gains accrued in the Fund, the deduction of 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 impact 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 management fee increases occur, we will provide at least 30 days' prior written notice of any such increase (see 'Changing the fees' in the 'More detailed information about fees and costs' section of this document);
- the Fund may be terminated; and
- investing in a fund with a 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 may change.

How Schroders seeks to manage risks

The investment process aims to minimise risk by focusing 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.

Derivatives may also be used for hedging and risk management purposes.

How Schroders uses derivatives

The Fund may use derivatives to manage the level of risk that results from the implementation of its investment strategy and to help achieve its long term investment objectives. The core risks of the Fund's investment strategy are credit risk, interest rate risk and foreign currency risk. These risks can, at times, significantly impact the Fund, both positively and negatively.

Derivatives are mostly used to reduce risk (also known as hedging) to minimise negative capital variability. The Fund may also use derivatives on a temporary basis to increase risk, or market exposure, as a substitute to buying additional physical underlying securities. The decision to use derivatives as a substitute will be driven by factors including: 1) improved valuations (the derivative exposure is cheaper to buy); and/or 2) transaction costs (the derivative has lower transaction costs); and/or 3) execution time. The timeframe for holding derivatives will vary; typically when using derivatives to hedge risk the holding period is longer (particularly for foreign currency risk) than the holding period for derivatives used as a substitute for physical securities. Derivative exposure, measured in notional absolute terms, that increases market exposure is limited to 10% of the Fund's net asset value (excluding derivatives used for hedging exchange rate or interest rate risk). Where the Fund's notional derivatives exposure does exceed 10% of the NAV, we will take steps typically within one trading day to reduce that exposure to less than 10%.

Derivatives can be either traded on a recognised securities exchange or over-the-counter direct with a

bank counterparty, known as OTC derivatives. Counterparty risks for OTC derivatives are reduced significantly by requiring these transactions to be centrally cleared and daily margined (by posting collateral) to the extent required under the ISDA agreements entered into with our counterparties. The form and characteristics of collateral that may be held by the Fund for OTC derivatives, and the nature of the counterparties to OTC derivatives, will be limited to those permitted under the TMX Operating Rules. Examples of permitted collateral instruments include government bonds and cash.

As is the case with physical securities, the Fund's derivative positions are marked-to-market daily and are aggregated into the daily unit price and performance calculations. These derivatives are not held for an indefinite period and are periodically assessed and adjusted by the investment team by being incorporated into Schroders' portfolio management systems to calculate the Fund's risks and exposures which are monitored and reviewed by the investment team.

The Fund's investment strategy involves investing mostly in investment grade fixed income securities issued by corporates and bank debt. These securities will typically expose the Fund to both credit risk, interest rate risk and if the security is not denominated in Australian dollars, foreign currency risk. By using specific derivative contracts, either exchange traded or OTC, the investment team is able to target each of these risks individually and choose to effectively eliminate that risk from the Fund's exposures or reduce that risk to achieve a level of aggregate credit, interest rate and foreign currency risk appropriate to the Fund's investment strategy and return objectives. Where the Fund's aggregate notional exposure to all OTC derivatives exceeds 5% of NAV the Responsible Entity must publish on a monthly basis:

– The exposure of the Fund to all OTC derivative counterparties as a percentage of the NAV of the Fund

– The value of the assets held by the Fund (excluding the value of the OTC derivatives but inclusive of collateral) as a percentage of the NAV of the Fund

Further information about derivatives and how Schroders uses derivatives can be found in the current Schroders Group Derivatives Risk Management Policy, a copy of which can be provided at your request free of charge.

6. Additional Fund information

Unit pricing (NAV per unit) and valuation of the Fund's assets

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.

The NAV estimates the value of the Fund at the close of trading on the previous Business Day, unless otherwise determined by the Responsible Entity.

The Fund's assets and liabilities will usually be valued each Business Day, or as otherwise determined by the Responsible Entity.

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

Proxy Basket

Schroders has appointed one or more Authorised Participants to act as Market Makers in respect of the Fund under the Market Maker Agreements. Schroders and the Market Makers will agree on a Proxy Basket (which is intended to be representative of the Fund's portfolio) that will enable the Market Makers to determine the price at which to buy and sell units on the TMX market. Schroders will disclose the Proxy Basket to the Market Makers and publish the Proxy Basket on the Fund's website in its Material Portfolio Information Report on a daily basis.

A Market Maker applies for and redeems units in the Fund with the Responsible Entity at prices that are determined by the published NAV of the Fund as at the end of the day. The NAV is based on the value of every underlying asset in the Fund. This means the Market Makers have a strong incentive to ensure there is minimal or no difference between the price at which it buys and sells units based on the Proxy Basket and the price of units that are created or redeemed based on the NAV of the Fund.

However, there is a risk to transacting investors that unit prices determined by the Proxy Basket during trading hours on a day the TMX market is open for trading will not accurately represent the Fund's NAV at that time. This risk could arise due to, for example, market volatility or stale prices in the underlying assets.

Adjusted indicative net asset value (Adjusted iNAV)

Schroders has engaged an agent to calculate and disseminate an Adjusted iNAV, which will be published throughout trading hours on each day the TMX market is open for trading on Schroders' website www.schroders.com.au. The Adjusted iNAV will be calculated using the Proxy Basket, and recalculated throughout the trading day to take into account movements in the price of assets in the Proxy Basket, and is intended to provide an approximation of the fair value of the Fund's NAV.

No assurance can be given that the Adjusted iNAV will be published continuously or that it will be up-to-date or accurate. In particular, the Proxy Basket may not always be an accurate reflection of the assets of the Fund. Investors should not rely on any Adjusted iNAV which is made available in making decisions but should consider other market information and relevant economic factors. To the extent permitted by law, Schroders is not liable to any person who relies on the Adjusted iNAV.

Investors will be notified via the announcements page on the TMX website if there is any material change to the methodology for calculating the Adjusted iNAV.

The price at which units trade on the TMX market may not reflect either the NAV per unit or the Adjusted iNAV. Refer to 'Active exchange traded fund risk' in the section 'Risks of investing in the Fund'.

Custodian

Schroders has appointed JPMorgan to provide custody services. 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 safekeeps the 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.

JPMorgan has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. JPMorgan has not independently verified the information contained in this PDS and accordingly accepts no responsibility for the accuracy or completeness of the information. JPMorgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

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

Under the TMX Operating Rules, Schroders has certain obligations in respect of the Fund to facilitate an orderly and liquid market in the Fund. These obligations include, in summary, a requirement for us to maintain a certain level of liquidity in units in the Fund on the TMX platform through arrangements which meet the requirements set by TMX. As at the date of this PDS, we have arrangements in place designed to ensure that for at least 80% of the time during which the units are in active continuous trading (as defined in the TMX Operating Rules) there are continuous two-way quotes available for at least $20,000 worth of units in the Fund, and subject to a maximum spread requirement. There are a small number of situations during which this will not apply, including where firm prices are not available for at least 10% of the Fund's underlying assets, where operational disruptions prevent orders from being made, and where the making of orders would be contrary to law.

We have appointed one or more Authorised Participants to act as Market Makers (and, subject to the TMX Operating Rules, may replace the Market Makers and appoint additional market makers) to maintain continuous liquidity to the market by acting as a buyer and seller to the secondary market.

A Market Maker will apply for and redeem units from the Responsible Entity as required to hold an inventory of units enabling it to provide buy and sell prices to the secondary market, while also potentially hedging their underlying positions.

A Market Maker uses information such as the Proxy Basket and NAV prices to determine the price of Fund units and places a bid/ask spread around this value before sending these prices to TMX as bid and ask orders.

We understand the importance of the role of the Market Makers and seek to ensure that any market makers appointed by us:

- Have experience in making markets in exchange quoted products and other types of listed securities both in Australia and overseas
- Are TMX trading participants or are otherwise authorised by TMX to access the TMX market through a trading participant and is registered with TMX to act as a market maker
- Have the necessary skill and expertise to perform a market making function

A market maker will generally retain for its own account any trading profit and bear any loss generated by its market making activities.

ASIC relief

Relief from unequal treatment in withdrawal from an ETF

Pursuant to ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147, ASIC has granted relief under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent that we will not treat members of the same class equally to the extent that Schroders will restrict withdrawal from the Fund to Authorised Participants. For the purposes of this relief, except in exceptional circumstances, only Authorised Participants may withdraw from the Fund, but other unitholders may sell their units on the TMX market.

However, if the units are suspended from trading on the TMX market for more than 5 consecutive trading days, investors will have the right to withdraw from the Fund and receive payment for their interests in money within a reasonable time of request unless any of the following apply:

- The Fund is being wound up
- The Fund is not liquid as defined in subsection 601KA(4) of the Corporations Act; or
- We suspend redemptions in accordance with the Constitution.

In the event that such a redemption occurs, any withdrawal fee per unit payable by unitholders who are not Authorised Participants will not be greater than the withdrawal fee per unit that would generally be payable by an Authorised Participant receiving redemption proceeds in cash when withdrawing the minimum parcel of units.

Ongoing disclosure relief

ASIC has granted relief under ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 from the ongoing

disclosure requirements in section 1017B of the Corporations Act which applies to the Fund provided that Schroders complies with the disclosure requirements in section 675 of the Corporations Act as if the Fund was an unlisted disclosing entity (which Schroders intends to do).

Periodic statements relief

ASIC has granted relief under ASIC Corporations (Periodic Statement Relief for Quoted Securities) Instrument 2024/14 from certain periodic statement requirements that would otherwise apply to the Fund. In particular, Schroders is not required (and does not intend) to include in the Fund's periodic statements purchase or sale price information, return on investment information, details of the price at which an investor transacts in units on the TMX market, 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 each periodic statement whether the Fund has met its investment objective.

Labour standards and environmental, social and ethical considerations

Schroders takes into account ethical and labour standards and environmental, social and governance (**'ESG'**) considerations as part of its investment process, further detail of which is provided below. Schroders recognises that different asset classes, strategies, and investment time horizons require our Investment teams to adopt different perspectives pertaining to ESG to strengthen effective decision making. Other than as set out in this PDS, Schroders does not have a pre-determined view as to what constitutes ESG Considerations or a fixed methodology for taking these considerations into account when selecting, retaining or realising investments in a Fund. Schroders does not implement a consistent, firm-wide weighting system for taking into account ESG Considerations. The analysis of ESG Considerations often relates, but is not limited to, issues such as climate change, environmental performance, labour standards and board composition.

Where Schroders has delegated some or all of the investment management for a Fund to another wholly-owned entity within the Schroders Group, ESG considerations can be implemented in different ways by the underlying investment manager for the purposes of selecting, retaining or realising investments of the Fund.

You may have differing views, opinions and understanding of the meaning of the terminology used in this section, to Schroders and/or its third-party providers, and therefore your expectations of permitted investments may be different to the actual investments of a Fund.

How Schroders categorises its funds from an ESG perspective

Schroders categorises its Funds broadly into two categories: **ESG Integrated** and **Sustainable Investment** Funds. These categories are Schroders' own classifications and are not standardised Australian regulatory labels.

At the date of this document, the Schroder Australian High Yielding Credit Fund - Active ETF is an **ESG Integrated Fund** which is not designed for investors who wish to screen out particular types of companies or investments not covered in Schroders' Exclusions Policy, or who are looking for funds that meet specific ESG goals. Schroders' Exclusions Policy details the exclusionary criteria applied in the management of Schroders ESG Integrated funds (**Exclusion Policy**). More information on this Policy is available in the 'Negative Screens' section below.

ESG integration means identifying, analysing and incorporating relevant and material ESG Considerations into investment decisions as well as the ongoing monitoring of Funds and engagement with investee company or assets' management teams. We consider that examining a wider range of factors than may be captured in traditional investment analysis allows a more complete view of potential investment drivers and better-informed investment decisions as a result.

Data sources and limitations ESG integration is only applicable where Schroders has discretion over security selection and does not apply to Indirect Investments. Please refer to the Glossary for a definition of this term.

Schroders may use internal research, company disclosures, meetings with issuers, broker research, industry bodies, research organisations, non-government organisations and academic resources. Schroders also subscribes to third-party ESG data providers which are subject to periodic review and change. As a result of utilising third-party data, ESG data may be incomplete, estimated, delayed, inconsistent or incorrect. Coverage varies by issuer, asset class and metric. Different providers may interpret the same activity or terminology differently. Where Schroders identifies a material data issue, it will seek to investigate the matter and, where appropriate, engage with the provider or issuer. These limitations may affect an ESG assessment, screen, sustainability score or reported metric. Investors should not assume that all holdings are assessed using complete company-reported data.

As at the date of this PDS, the Fund has no Indirect Investments and Schroders does not intend for the Fund to hold Indirect Investments.

As a result of utilising third-party data, data errors may occur. Where Schroders is aware of such errors, we will seek to investigate and resolve data queries where possible with the third-party provider.

Please see further below for specific limitations relating to Negative Screens.

Negative Screens

Negative Screens refers to the deliberate exclusion of companies from an investment portfolio based on a defined set of ESG-related criteria (**'Negative Screens'**).

Our ESG Integrated Funds are subject to Schroders' Exclusions Policy, which is available on our website https://api.schroders.com/document-store/Excluded%20Securities.pdf. This policy applies to all Direct Investments in company-issued public securities held either by Schroders or other Schroders

Group managed funds that apply Schroders' exclusions and where Schroders has discretion over security selection (please see below for more information).

The criteria for the main groups of companies that we seek to exclude are set out in the following page. Note that the descriptions of the exclusion criteria reflect the methodologies of our third-party providers. They are valid as at the date of the publishing of this PDS and may be subject to change without notice.

The following table summarises the Negative Screens Schroders applies when we directly invest in Australian and International listed shares and Australian and International corporate bonds, with the exceptions to these Negative Screens also set out in the table below and relevant footnotes. Where Schroders does not rely on proprietary methodology (noted below in the table), the application and interpretation of exclusionary screening criteria and terminology is determined by the third-party provider (including but not limited to MSCI). Schroders relies on the accuracy of data from our third-party providers. The providers' interpretation of the criteria and terminology may differ to that of an investor in the Fund. The exclusion thresholds apply to any combination of the activities listed in the 'description of exclusion criteria' column. Unless otherwise stated, the thresholds apply only to a company's direct involvement in the excluded activities, as determined by Schroders (in the case of a proprietary methodology) or the relevant third-party provider (e.g. MSCI). These Negative Screens do not apply to Indirect Investments in the Fund.

Sector/activity	Description of Exclusion Criteria	Exclusion threshold for Schroders' Direct Investments
Thermal coal mining	Mining of thermal coal and its sale to external parties. This does not include revenue from metallurgical coal, coal mined for internal power generation, intra-company sales of mixed thermal coal, and revenue from coal trading.	More than 20% of gross revenue (reported or estimated)
Tobacco products	Companies involved in the production of tobacco products. Tobacco products include nicotine-containing products, including traditional and alternative tobaccosmoking products. This exclusion does not apply to companies generating revenue from the sale and distribution of tobacco, such as supermarkets.	More than 10% of gross revenue (reported or estimated)
Nuclear weapons	Companies with revenue from nuclear weapons, intended and dual-use (ie. civilian and military use) components for such products, delivery platforms capable of deploying nuclear weapons, essential components for such delivery platforms, and support services for such products.	More than 5% of gross revenue (reported or estimated)
Controversial weapons	Schroders Group's proprietary process on controversial weapons seeks to exclude companies we identify as being involved in the production, stockpiling, transfer and use of controversial weapons, including cluster munitions, anti-personnel mines and chemical and biological weapons. This is a firmwide exclusion that applies to all Schroders and Schroders Group managed funds. [1]	Schroders Group's proprietary methodology

Important information:

Information relating to the non-proprietary methodologies described above are based on MSCI information, including, but not limited to the MSCI Business Involvement Screening Research Methodology, the MSCI Fossil Fuels and Power Generation Metrics Methodology, data supplied through and defined within the MSCI ESG Manager platform, and the relevant universe coverage, and may be subject to change without notice. For more information on the MSCI screening methodology and specific details on each sector/activity, please refer to the MSCI website for ESG and climate disclosures. Some useful documents include the MSCI Business Involvement Screening Research Methodology and the MSCI Fossil Fuels and Power Generation Metrics Methodology.[2]

Please refer to the 'Negative Screens' and 'Monitoring' sections for further details on how Schroders monitors and applies these exclusions.

[1] More information can be found at: https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/group-exclusions/

[2] Note that these documents and their links may change as MSCI make updates from time to time.

Limitations of Negative Screens

In applying Schroders' Exclusions Policy to ESG Integrated Funds:

- Certain financial instruments such as securities issued by government, semi-government or supranational entities, derivatives, alternative investments such as private equity, private debt or direct investments into infrastructure, as well as financial instruments where the underlying end recipient is unknown or investment decisions are not within our control (this includes, but is not limited to, commercial mortgage backed securities, residential mortgage backed securities, asset backed securities, collateralised loan obligations, collateralised mortgage obligations and insurance linked securities) are not captured within the Exclusions Policy. This is because such securities or issuers are not able to be reasonably screened for involvement in the above mentioned activities.
- Indirect Investments in the Fund may inadvertently result in an exposure to companies that would normally be excluded by our screens. These exposures are subject to a de minimis threshold of typically less than 1% of the Fund's total assets at any one time.

Monitoring

Schroders does not employ a bespoke approach for monitoring and reviewing ESG Considerations relevant to our Funds. Where ESG Considerations form part of the Fund's investment guidelines by way of Negative Screens, exclusions and limits are coded into the portfolio compliance framework to seek to ensure that pre- and post-trade compliance correctly flags the securities that should not enter the Fund. As at the date of this document, the list of companies excluded under Schroders' Exclusion Policy are updated according to the below schedule. This may change from time to time.

– Thermal coal mining: updated daily

– Tobacco products: updated daily

– Nuclear weapons: updated daily

– Controversial weapons: updated annually

Automated pre- and post-trade checks are only performed against the current exclusions lists for in-scope Direct Investments (please see the preceding 'Negative Screens' section for more information).

If an investee company's exposure to an excluded activity exceeds the threshold set out in Schroders' Exclusions Policy due to a change in third-party data or any other error, there may be certain circumstances where we continue to hold the investment, for example where the data change is inconsistent with other external sources of information such as current company annual reports, sustainability reports or financial statements. In these instances, we will investigate the matter and aim to resolve such situations as quickly as possible but acknowledge it may take some time as we may be subject to third-party provider review processes. Upon completion of the investigation, should the company's revenue exposure remain higher than the threshold in Schroders' Exclusions Policy, the relevant investment in that company will be divested by the Fund in an orderly manner as determined by Schroders as responsible entity for that Fund, having regard to the best interests of investors of the Fund as a whole.

Given the list of companies excluded are updated according to the schedule mentioned earlier in this section, when a company's involvement in an excluded activity contravenes Schroders' Exclusion Policy, it will be captured in the next review. The time period that the revenue or involvement data relates to is subject to the third-party data providers' processes and may differ between companies depending on their reporting periods. Data may not relate to the company's most recent reporting year.

Active Ownership

Active Ownership includes engagement and voting activities, through which Schroders seeks to use its rights and influence as an investor, so that more sustainable practices (as defined by the Manager from time to time) are properly considered in managing those companies and assets. This is intended to protect and enhance the value of investments.

We manage investments across a wide range of asset classes which bring different ownership rights and opportunities for influence. More details about our approach to active ownership can be found in the Schroders Group Sustainable Investment Policy: https://mybrand.schroders.com/m/6197143c263420f5/original/Schroders-Group-Sustainable-Investment-Policy.pdf.

Dialogue and engagement

Dialogue and engagement with investee companies may enable us to gain insight into companies' practices and future plans relating to ESG Considerations, raise concerns with company management, and seek to influence company behaviour where we consider this may protect or enhance long-term investment value.

Engagement is a two-way process and may take various forms, including meetings and other direct communications with investee companies. Schroders may engage on various ESG-related matters that it considers relevant and material to an investee company.

These may include climate change, natural capital and biodiversity, human rights, human capital management, diversity and inclusion and corporate governance. The issues on which Schroders engages, and the objectives of an engagement, will depend on the circumstances of the relevant company and investment, as determined by Schroders from time to time.

Where we have engaged repeatedly with an investee company or asset and seen no meaningful progress, we may escalate our concerns. Decisions on whether and how to escalate are based on the materiality of each issue, its urgency, the extent of our concern and whether the company has demonstrated progress

through previous engagements. The nature of any escalation will depend on the circumstances and the rights and influence available to Schroders as an investor. Further information about Schroders' approach to engagement and escalation for listed assets is set out in Schroders Group's Engagement Blueprint for listed assets (see below). The Engagement Blueprint sets out Schroders Group's approach and engagement priorities across climate change, natural capital and biodiversity, human rights, human capital management, diversity and inclusion and corporate governance. Engagement does not guarantee that an investee company will take a particular action or achieve a particular outcome, and outcomes may be influenced by factors other than Schroders' engagement. The Engagement Blueprint can be accessed here: Engagement- Blueprint (or available at https://mybrand.schroders.com/m/68c16247d2149269/original/Schroders-Engagement-Blueprint.pdf).

Voting

Some asset classes afford investors voting rights. This Fund will not have any voting rights by nature of the asset classes it can invest in as at the date of this PDS. Please see 'Asset classes and investment ranges' under Section 3 Fund description for more information on asset class investment ranges. The below information therefore does not apply to this Fund but has been provided for information purposes.

We recognise our responsibility to make considered use of voting rights. We vote on both shareholder and management resolutions, many of which are corporate governance-related, such as the approval of directors and accepting reports and accounts.

Our overriding principle is to exercise voting rights in accordance with our fiduciary responsibilities and in what we consider to be the interests of our clients. Voting decisions are considered in the context of the relevant company and resolution and may take account of factors including the circumstances of the company, our investment analysis and, where relevant, previous engagement with the company. Voting is one of the ways in which we exercise our responsibilities as an active owner and may also form part of the escalation of an engagement.

Further information on our voting policy and practices can be found in the Schroders Group Sustainable Investment Policy and applicable voting guidelines.

We also publish our voting decisions, together with reasons for votes against management recommendations, through the public voting disclosure site:

https://votingdashboard.glasslewis.com/Schroders

Where we undertake significant active ownership activities, we may provide investors with updates on activities and outcomes that we consider material or relevant.

Related party transactions

Schroders is part of the Schroders Group which forms part of the broader Nuveen group owned by TIAA. For these purposes, a related party includes certain entities and individuals that have a close relationship with Schroders, including, but not limited to Schroders Limited itself, other subsidiaries of Schroders Group, Nuveen, TIAA and other funds operated or managed by members of the Schroders Group, Nuveen or TIAA.

We may from time to time use the services of related parties (including, but not limited to, investment management and administration) or enter into financial or other transactions with related parties in relation to the assets of the Fund. Where we enter into such arrangements, they will be based on arm's length commercial terms or as otherwise permissible under the law. Where a Fund invests in an underlying fund that is managed by a wholly-owned member of the Schroders Group, Schroders will typically implement an arrangement to offset any fees payable to that wholly-owned group entity so that they are not an additional cost to you. However, fees payable to external managers and managers related to, but not wholly owned by, the Schroders Group will still typically be borne by the Fund.

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.

7. 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) has a managed funds fee calculator to help you check out different fee options.

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 managed investment scheme as a whole.

Taxes 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 Australian High Yielding Credit Fund - Active ETF **Type of fee or cost***	**Amount**	**How and when paid**
Ongoing annual fees and costs**		
Management fees and costs The fees and costs for managing your investment[1]	Estimated to be 0.50% p.a. of the Net Asset Value ('**NAV**') of the Fund, comprised of: 1. A management fee of 0.50% p.a. of the NAV of the Fund.*** 2. Estimated indirect costs of 0% p.a. of the NAV of the Fund. 3. Estimated expense recoveries of 0% p.a. of the NAV of the Fund.	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. 2. Indirect costs are generally deducted from the assets of the Fund as and when incurred. 3. Expense recoveries are generally deducted from the assets of the Fund as and when incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
Transaction costs The costs incurred by the scheme when buying or selling assets	Estimated to be 0.0% p.a. of the NAV of the Fund.[2]	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.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee[1] The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated to be 0.10% of the application amount on application and 0.10% of the withdrawal amount on withdrawal.[3]	The buy-sell spread is deducted from the application amount received from the Authorised Participant at the time of the relevant application, and from the withdrawal amount paid to the Authorised Participant or (in the limited circumstances in which other unitholders may withdraw directly) other withdrawing unitholders at the time of the relevant withdrawal.

Withdrawal fee[1] The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee[1] The fee to close your investment	Nil	Not applicable
Switching fee 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 ('**ITC**s') or reduced input tax credits ('**RITC**s') 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.
**Unless otherwise stated, 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. Australian stamp duty costs are not included in these figures on the basis that the estimated Australian stamp duty costs in respect of the Fund is zero. The methodology used to make these estimates is described in the 'Additional explanation of fees and costs' section 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.
****includes the risk that foreign currency fluctuations may negatively affect the value of investments. If permitted by the Fund's investment guidelines, currency hedging may be used to manage some of this risk.
[1]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.
[2]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 the Authorised Participant (and, in the limited circumstances where unitholders may withdraw directly, other withdrawing unitholders). Australian stamp duty costs are not included in these figures on the basis that the estimated Australian stamp duty costs in respect of the Fund is zero. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.
[3]With the exception of the Authorised Participant, investors will not usually be able to apply for or withdraw their units directly from the Responsible Entity but instead may transact in units in the Fund on the TMX market, and will not incur a buy-sell spread charged by the Fund when doing so. Investors are generally only able to withdraw their units directly from the Responsible Entity in exceptional circumstances. 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 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 Australian High Yielding Credit Fund - Active ETF	**Balance of $50,000 with a contribution of $5,000 during year**	
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged $0.
PLUS Management fees and costs[2] comprising: Management fee[3] to Schroders Indirect costs Expense recoveries	**0.50% p.a.** 0.50% p.a. 0.0% p.a. 0% p.a.	And, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $250 each year.
PLUS Performance fees	Nil	And, you will be charged or have deducted from your investment $0 in performance fees each year.
PLUS Transaction costs[2]	0.0% p.a.	And, you will be charged or have deducted from your investment $0 in transaction costs.
EQUALS 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 of **$250**.[1,4] **What it costs you will depend on the fees you negotiate.**

[1]Additional fees may apply. This example does not take into account the buy-sell spread charged to the Authorised Participant or to investors that withdraw directly from the Fund (in the exceptional circumstances where that is permitted). This example assumes that there are no abnormal expenses incurred by Schroders and recovered from the Fund during the period.
[2]Please refer to footnote ** in the Fees and costs summary above.
[3]Please refer to footnote *** in the Fees and costs summary above.
[4]This amount excludes fees for any additional contributions that may be made during the year. Please note that the minimum initial investment in the Fund for Authorised Participants is $20,000. 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 how 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)

Unless otherwise stated, all estimates of fees in this PDS 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 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 this PDS. Australian stamp duty costs are not included in these figures on the basis that the estimated Australian stamp duty costs in respect of the Fund is zero. Investors in the Fund typically will not bear any establishment costs, 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

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 0.50% 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.

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 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% 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 not available 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. Management fees paid to external managers (including managers related to, but not wholly owned by, the Schroders Group) will be an indirect 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 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, trade reporting 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 other than market opening costs and costs associated with tax reclaims for the Fund) out of its management fee.

The ordinary expenses of the Fund include fees charged by the Market Maker for providing liquidity for the fund's units on TMX and facilitating settlement. While it does not currently do so, Schroders may determine to recover these costs from the assets of the Fund in future.

Abnormal expense recoveries

Schroders may also recover abnormal expenses(such as costs of unitholder meetings, changes to the Constitution, 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 the 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 not available at the date of this 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 the Fund and certain costs in relation to derivative financial products.

Transaction costs are reflected in the Fund's unit price as and when incurred. 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 Authorised Participants and transacting members (in the limited circumstances in which members can 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 Fund.

The Fund may charge a buy-sell spread to the Authorised Participant on the application or redemption amount where it applies for or redeems units in the Fund, and on the redemption amount for investors in the limited circumstances where investors are able to redeem units in the Fund directly from the Responsible Entity (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. Australian stamp duty costs are not included in these figures on the basis that the estimated Australian stamp duty costs in respect of the Fund is zero.

The total gross transaction costs incurred by the Fund are estimated to be 0.04% p.a. of the NAV of the Fund. The buy/ sell spread recovery for the last financial year is estimated to be 0.04% 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) is estimated to be 0.00% 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 where they are not otherwise required to be disclosed to investors under law.

Buy/sell spreads (for off-market transactions)

A buy/sell spread will be charged to Authorised Participants when they apply for or redeem units in the Fund. A sell spread will also be charged in the exceptional circumstances investors who are not Authorised Participants may redeem units directly from the Responsible Entity (please refer to the section 'How to withdraw from the Fund').

A buy/sell spread is an amount deducted from the value of an investor'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 transacting investors and is additional to other costs incurred such as management fees and costs. The buy/sell spread is based on the transaction value. For example if you made an application to redeem $50,000 from the Fund and the Fund had a buy-sell spread of 0.10% on

withdrawal you would pay $50 ($50,000 x 0.10%). 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.

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 the Authorised Participant. 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 TMX, investors are likely to incur brokerage fees and charges from their stockbroker or share trading account operator. Investors should consult their stockbroker or share trading account operator for more information in relation to their fees and charges.

Market Maker cost

Schroders has appointed a market participant to execute its market making activities in order to provide liquidity in the units on the TMX market and also to facilitate settlement. The Market Maker 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 increasing 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 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 fee

The maximum management fee for the Fund under the Constitution is 2% of the NAV of the Fund (inclusive of GST and less any RITCs) per annum. The current management fee for the Fund is 0.50% 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.

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.

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.

8. How to invest in the Fund

Only Authorised Participants can transact directly with us in relation to the Fund.

An investor who is not an Authorised Participant can buy and sell units in the Fund via a broker share trading account.

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

Authorised Participants

Applications for units in the Fund may only be made by an Authorised Participant. Authorised Participants must enter into an Authorised Participant Agreement with

Schroders and will be required to comply with any additional requirements set out in that agreement.

To apply for units in the Fund, Authorised Participants must complete the Application for Creation/Redemption Form and send it to Schroders by the relevant 'transaction cut-off time'. Please refer to the Creation and Redemption Procedures in the Authorised Participant Agreement for further instructions about sending an Application for Creation/Redemption Form to Schroders.

Please note that we may, without giving any reason, refuse or accept all or part of an application for units in our sole discretion.

An Authorised Participant must apply for units in cash. The minimum application amount is $20,000. Only whole units in the Fund will be issued.

Accordingly, applications will be rounded up to the next whole unit. The Authorised Participant must transfer to the Fund the corresponding cash amount for the whole number of units, in return for which we will issue the Authorised Participant with that number of units.

A balancing cash amount will also be payable by the Authorised Participant to the Fund for unit creations. The balancing cash amount will be equal to the difference between the original cash application amount and the amount required for the issue of the whole number of units after rounding.

Units issued pursuant to an Application for Creation/

Redemption Form will be quoted under the TMX Operating Rules on the TMX market with effect from the settlement of the issue of the relevant units. On a monthly basis we will announce to TMX via the TMX Fund Announcements Platform the Fund's total units on issue.

We may charge a buy/sell spread on applications for units. Please refer to the 'Additional explanation of fees and costs' section of this PDS for further information.

Other investors

Other than Authorised Participants, investors are not able to apply directly to the Responsible Entity for units in the Fund. As the units are quoted on the TMX market, the units are tradable on that market and can be sold 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 CHESS settlement service.

There is no minimum number of units that investors are required to purchase on the TMX market. The cost of investing in the Fund will be the price at which you purchase units on the TMX market 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 TMX market through their stockbroker or share trading account.

Investors do not have cooling off rights in respect of units purchased on the TMX market.

9. How to withdraw from the Fund

Authorised Participants

Authorised Participants may apply directly to the Responsible Entity to redeem units in the Fund.

To redeem units in the Fund, Authorised Participants must complete the Application for Creation/Redemption Form and send it to Schroders by the relevant 'transaction cut-off time'. Please refer to the Creation and Redemption Procedures in the Authorised Participant Agreement for further instructions about sending an Application for Creation/Redemption Form to Schroders.

An Authorised Participant may only apply to redeem units in cash. The minimum redemption amount is $20,000. Only whole units in the Fund will be redeemed. Accordingly, redemption amounts will be rounded down to the next whole unit. The Authorised Participant must transfer units being redeemed to us for cancellation in return for a corresponding cash amount from the Fund.

In certain circumstances we may be required or permitted by the Constitution or by law to deduct or withhold amounts relating to tax and other amounts from the redemption amount that would otherwise be payable. These amounts (if any) will be deducted from the cash amount that would otherwise be payable to the relevant unitholder in respect of the redemption.

We may determine that some or all of the redemption amount consists of income (which may include net capital gains), rather than capital of the Fund. We will advise the Authorised Participant when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred.

Whilst the Fund is 'liquid' for the purposes of the Corporations Act, we will satisfy a redemption request within 21 days of the date on which the redemption request is accepted in accordance with the Constitution. 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 obligated to make such offers. As at the date of this PDS, Schroders expects that the Fund will be liquid.

We may charge a buy/sell spread on redemption for units. Please refer to the 'Additional explanation of fees and costs' section of this PDS for further information.

Other investors

As the units are quoted on the TMX market, the units are tradable on the TMX market 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 CHESS settlement service.

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

Off-market withdrawal rights

Unitholders who are not Authorised Participants will not normally have a right to redeem their units directly with the Fund.

However, in the event that trading in the units on TMX has been suspended for five consecutive TMX trading 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

In these circumstances investors can request a withdrawal form by contacting the Unit Registry. See the 'Contacting Schroders' section of this PDS. No minimum redemption 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

We may charge a buy/sell spread on redemption for units. Please refer to the 'Additional explanation of fees and costs' section of this PDS for further information.

Staggered redemptions

Where Schroders believes it is in the best interests of unitholders, Schroders may stagger the withdrawal dates for off-market withdrawals. This means that the withdrawal may be processed progressively over a period of up to 21 days at the withdrawal price applicable for each day on which a partial withdrawal is processed.

Compulsory withdrawals

Schroders may, in limited circumstances and having regard to the best interests of unitholders as a whole, cause a unitholder's units to be compulsorily withdrawn without further notice to the unitholder. For example, this may occur where units would otherwise be acquired or held in violation of the terms and conditions, of the Constitution.

10. Distributions

Distributions are normally determined monthly but may occur more or less frequently at the discretion of the Responsible Entity.

Cash distributions are calculated at the end of the distribution period as determined by the Responsible Entity in accordance with its distribution policy and 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

Distributions will be paid directly into investors' accounts. Investors should contact their stockbroker to ask how they can provide bank account details. Please note that distribution payments will not be credited unless you provide valid bank account details.

11. Taxation

The following information summarises some of the Australian taxation issues a unitholder may wish to consider before making an investment in the Fund and assumes that a unitholder holds its investment in the Fund on capital account and is not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. The Australian taxation information below is of a general nature only and does not take into account the specific circumstances of any unitholder. The information should be used as a guide only and Schroders does not purport to offer any taxation advice. The summary below is based on the Australian taxation laws applicable as at the date of this document. The Australian taxation laws are subject to change, and the tax treatment applicable to particular investors may differ. Further, a number of tax reform measures are currently being undertaken or under review by the Australian Government and these reforms may impact on the tax position of the Fund and investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

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

General taxation

General

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund is required to determine its net income (taxable income) for the year of income.

On the basis that the intention of the trustee is that:

- where the Fund is not an Attribution Managed Investment Trust (**AMIT),** as discussed below, Investors are presently entitled to the distributable income of the Fund (and thereby allocated a share of the net income of the Fund including net taxable capital gains);
- or where the Fund is an AMIT, investors will be attributed a share of the assessable income, exempt income, non-assessable non-exempt income and tax offset (i.e. credits) components of the Fund on a fair and reasonable basis; and
- the Fund is not a public trading trust,

the Fund should be treated as a flow-through trust for Australian tax purposes. This means that investors should be taxed on their share of a Fund's net taxable income or the amount of assessable components attributed to them as relevant, and the Fund should not be subject to Australian income tax.

In the case where the Fund makes a loss for Australian tax purposes, the Fund cannot distribute the tax loss to Investors. However, the tax loss may be carried forward by the Fund for offset against taxable income of the Fund in subsequent years, subject to the operation of the trust loss recoupment rules.

Where the Fund is an AMIT

The Fund may qualify as an AMIT, and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby the Responsible Entity of the Fund attributes amounts of trust components of a particular character to Investors on a fair and reasonable basis consistent with the operation of the Fund's Constitution.

Under the AMIT regime, the following will apply:

(a) **Fair and reasonable attribution:** Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to Investors on a 'fair and reasonable' attribution basis, having regard to their income and capital entitlements under the constituent documents for the Fund rather than being allocated proportionally based on each Investor's present entitlement to the income of the Fund. The amounts attributed to investors will be advised in an AMIT Member Annual Statement ('**AMMA Statement**').

(b) **Deemed Fixed Trust Status:** 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.

(c) **Unders or overs adjustments:** Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery;

(d) **Cost base adjustments:** Where the total of distributions made and tax credits are attributed is less than (or more than) certain components attributed to Investors, then the cost base of an Investor's Units may be increased (or decreased). Details of cost base adjustments will be included on an Investor's AMMA Statement;

(e) **Large withdrawals:** In certain circumstances, gains may be attributed to a specific Investor, for example, gains on disposal of assets to fund a large withdrawal being attributed to the withdrawing Investor; and

(f) **Penalties:** In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed upon the Responsible Entity of the Fund.

Where the Fund is not an AMIT

In some circumstances the Fund may not meet the requirements to be an AMIT for a given income year (e.g. it does not qualify as a managed investment trust for the income year). The AMIT regime will not apply in this case for that year of income. Instead, the general trust provisions of the tax law would apply. However, unders and overs from a prior year in which the Fund was an AMIT will continue to be carried forward and applied in calculating the taxable income of the Fund, generally for a period of up to 4 years.

The Fund will be required to determine its net (taxable) income for the income year. Each investor will be assessed on that share of net income that accords to the proportion of the "income of the trust" to which they are "presently entitled" for that year, even if the distribution is received after year end or reinvested. Based on the intention that investors are presently entitled to all of the trust income for that year, and on the basis that the Fund is not classified as a public trading trust (as discussed below), the Trustee should not be assessed on the net taxable income of the Fund and it will be treated as a flow through entity for income tax purposes.

Should the Fund no longer qualify as a MIT and/or AMIT, there would potentially be changes in income tax outcomes for the Fund (e.g. a loss on withdrawal or buyback of the shares in the Master Fund may be a capital loss).

Deemed Capital Gains Tax (CGT) election

Eligible managed investment trusts (**MIT**s) may make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives and foreign exchange contracts).

Where the election is made by a Fund, the Fund should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses).

Where the CGT election is not made by a Fund, the Fund should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

Taxation of Financial Arrangements (TOFA)

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, the TOFA regime seeks to recognise 'sufficiently certain' gains and losses on certain financial arrangements on an accruals basis for tax purposes and on a realisation basis where this is not the case, subject to the application of any of the elective TOFA "timing methods" regarding the recognition of gains and losses under TOFA financial arrangements.

The elective TOFA timing methods include the TOFA hedging financial arrrangement method (**TOFA hedging election**) that is intended to more closely align the tax treatment of gains/losses from hedging arrangements with the tax treatment of gains/losses of the underlying hedged assets. The TOFA hedging election may allow a Fund to reduce volatility in its taxable income that arises from the use of hedging arrangements.

The Fund has not made, or intend to make, the TOFA hedging election.

Public Trading Trust rules

The Fund does not intend to derive income other than from an 'eligible investment business' for income tax purposes. Accordingly, it should not be classified as a 'public trading trust' and taxed as a company. Further, the Responsible Entity will seek to ensure it does not control entities that carry on trading activities that could result in the Fund being a public trading trust.

Taxation Reform

The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS, together with recent and proposed changes to the taxation legislation as announced by the Australian Government. However, the Australian tax system is in a continuing state of reform, and based on the Government's reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in each Fund.

Significant Changes to the Taxation of Capital Gains and Other Areas

Australian CGT Regime and Other Income Tax Areas

As part of the 2026-27 Federal Budget, the Australian Government announced major changes to the Australian CGT regime and other income tax areas. This included the removal of the 50% discount of capital gains for Australian resident individuals and trusts from 30 June 2027, to be replaced by a cost base indexation approach from 1 July 2027 for assets held for at least 12 months. Core areas of these changes have since been enacted and as at the date of this document, draft legislation for a second tranche of the CGT reforms has also been released, seeking to clarify the operation of the CGT amendments for more complex or specific arrangements, including the application to AMITs.

The enacted legislation, together with the draft legislation are intended to set out transitional provisions to provide for a deemed disposal of CGT assets as at 30 June 2027 and subsequent deemed reacquisition as at 1 July 2027 by Australian resident individuals and trusts, with the capital proceeds for the deemed disposal (being market value, subject to the exception noted below) setting the cost base of the asset under the deemed reacquisition.

Any "deferred gain" derived by resident individuals and trusts for the period to 30 June 2027 from the operation of these transitional provisions (subject to capital loss offsets required) should still be eligible for a 50% CGT discount and will not be subject to taxation until there is a "deferral realisation event" in relation to the relevant CGT asset. The cost base indexation method should be used to calculate CGT gains accruing from 1 July 2027 for CGT assets held by resident individuals and trusts for more than 12 months. In limited circumstances, trusts may elect not to apply the indexation provisions.

A methodology for apportioning capital gains and capital losses for the purposes of the transitional provisions as an alternative to obtaining a formal market valuation as at 30 June 2027 is proposed for CGT assets that are real property and assets that do not have a readily ascertainable market value.

It is intended that the application of the CGT regime for complying superannuation entities should generally not be impacted by the CGT changes. They will continue to

be eligible for a one-third CGT discount after 30 June 2027 (including where assets are held indirectly via a trust) and will also not be eligible for the indexation of assets for CGT purposes from that date.

The Australian Government has also enacted a 30% minimum tax rate to apply to net capital gains derived by individuals from 1 July 2027 (unless an exemption applies), which relevantly for the Fund would include capital gains derived from the disposal of units in the Fund held by an individual.

The changes require analysis by investors and their advisers as to the impact on their individual circumstances.

Distributions

Where the Fund is an AMIT

In income years in which the Fund is an AMIT, investors will be subject to tax on the taxable income of the Fund on an attribution basis, as discussed above.

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offset component amounts of the Fund attributed to them by the Responsible Entity of the Fund.

Investors will receive an AMMA Statement detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset (**'FITO'**), returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their Units in the Fund.

Should the tax cost base of an investor's units be reduced below zero, the amount in excess of the Investor's cost base will be treated as an assessable capital gain that should be included in the investor's calculation of their net capital gain or loss for the income year, along with any assessable capital gains component that may be attributed to them as advised on the AMMA statement provided to them.

An investor may be attributed a share of assessable tax components of the Fund where they have made a large redemption from the Fund.

Where the Fund is not an AMIT

Provided that the Fund is treated as a flowthrough vehicle, investors will be assessed on that share of the Fund's net taxable income that accords to the proportion of the 'income of the trust' to which they were presently entitled for that year, even if the distribution relating to that income is received after year-end or reinvested. The Responsible Entity shall confer present entitlement to all of the Fund's income to investors proportionate to their unitholding in the Fund, on the date of entitlement. Investors will be required to include their share of net taxable income for a given income year in their tax return for that year. Each investor will receive an annual tax statement outlining the taxable amount of distributions made by a Fund.

An investor may be allocated a share of the taxable net income of the Fund where they have made a large redemption, in which case their withdrawal proceeds may include that share of net income.

Foreign Income

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld as advised in the tax statement provided to them in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

Disposal of Units by Australian Resident Investors

If an Australian resident investor transfers or withdraws their Units in the Fund, this will constitute a disposal (a CGT event) for income tax purposes.

Where an investor holds their Units in the Fund on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of taxable income. In calculating the taxable amount of a capital gain, if certain conditions are met, including that the units in the Fund have been held for more than 12 months (excluding the date of acquisition and disposal), the investor may be eligible for a discount of 50% for individuals and trusts or 33 &1/3% for complying Australian superannuation funds. No CGT discount is available to corporate investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued Units of a Fund, the Fund has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in a Fund should seek advice on this issue.

The changes to the CGT regime from 1 July 2027, which are still ongoing (refer to "Budget Measures - Significant Changes to the Taxation of Capital Gains and Other Areas" section above for more information), may impact

the CGT outcomes of Australian resident unitholders in respect of the disposal of their units.

Australian Taxation of Non-Resident Investors

Broadly speaking, distributions of any foreign source income to non-resident investors would generally not be subject to Australian withholding tax (unless, for example, the income is derived through an Australian permanent establishment of the non-resident investor). Australian withholding tax may be withheld from distributions or the attribution (as relevant) of Australian source income and gains to a non-resident investor. The various components of the taxable income of the Fund which will be regarded as having an Australian source may include Australian sourced interest and Australian sourced gains.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/Exchange of Information Agreement (**EOI**) between Australia and their country of residence.

Disposal of Units by Non-Resident Investors

Investors holding their Units on capital account should not be subject to Australian capital gains tax on the disposal of Units in each Fund unless the Units were taxable Australian property (**TAP**) or capital assets held by the investor in carrying on a business through a permanent establishment in Australia.

Australian tax may apply in certain circumstances to the disposal of units if the non-resident holds their units on revenue account. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their Units.

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 ('**RITC**s') in respect of that GST.

Under the GST regulations 'recognised trust schemes' (which includes the Fund) will only be eligible for an RITC of 55% of the GST it pays on acquisition of certain services (for example, audit fees) rather than the prevailing rate of 75% for 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.

Tax file number

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises the Responsible Entity to apply it in respect of all the investor's investments with Fund. If the investor does not want to quote their TFN or ABN for some investments, the Responsible Entity should be advised.

OECD Global Minimum Tax Rules

The Organisation for Economic Cooperation and Development (the '**OECD**') has been working to introduce a global minimum tax and many countries have agreed to introduce one. The global minimum tax is intended to ensure that very large businesses with companies based in two or more countries (that is, multinational groups with consolidated revenues over EUR 750 million) are subject to a minimum effective tax rate of 15% on their income arising in every country in which they operate. This is generally achieved where a company's tax liability in a country works out at under 15% by the tax liability being 'topped-up' to 15% for the company in that country.

The OECD's global minimum tax rules are complex and local implementation varies. The local rules normally contain various exemptions and exclusions. While there is generally an exclusion for investment funds, it only applies where the investment fund is the entity which owns the multinational group. Consequently, where a large multinational group invests in a Fund there is a risk of the global minimum tax rules applying to it with the result that in certain circumstances a tax or other related liability may arise to the Fund or another person. If the Fund suffers (or otherwise directly or indirectly bears the cost of) any such global minimum tax liability, this would affect the NAV of the Fund.

Australia introduced the following Bills for the implementation of the global minimum tax rules into Parliament on 4 July 2024:

- Taxation (Multinational - Global and Domestic Minimum Tax) Bill 2024
- Taxation (Multinational - Global and Domestic Minimum Tax) Imposition Bill 2024

- Treasury Laws Amendment (Multinational - Global and Domestic Minimum Tax) (Consequential) Bill 2024

Under these Bills, the global minimum tax rules would apply to fiscal years starting on or after 1st January 2024.

Investors in the Funds should be aware that the Schroders Group may require information from them to enable it to consider any Fund's position with regard to any relevant global minimum tax rules and, if necessary to engage with the Australian Taxation Authority and any other local tax authorities as necessary.

Investors which are Institutional Investors should also be aware that they will be subject to the indemnity set out in the application form if any tax and/or other related liability arises in any jurisdiction under or in connection with global minimum tax rules to a Fund as a consequence of their investment (at any time) in the Fund.

12. 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 or contacting us on 1300 136 471:

- 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
- The Proxy Basket, available each TMX trading day
- The full portfolio holdings of the Fund, available quarterly, with a delay of up to two months
- The correlation between the performance of the Proxy Basket and the Fund, available quarterly
- Details of any continuous disclosure notices given by Schroders to ASIC and/or TMX
- Details of distribution announcements given by Schroders to TMX via the TMX Fund Announcements Platform
- Annual reports and financial statements for the Fund
- Half-yearly financial reports announced by Schroders via the TMX Fund Announcements Platform
- Total number of units on issue – available monthly via the TMX Fund 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 or by contacting Schroders (see 'Contacting Schroders' section of this PDS).

Online account access

Investors may access their accounts online through the Unit Registry. On acquiring units in the Fund, investors will be provided with their online account details by the Unit Registry.

Up-to-date information

The information in this PDS is up-to-date at the time of preparation. Certain information in this PDS may change from time to time. This includes but is not limited to potential changes which we have identified (including the latest performance of the Fund and the Fund's asset allocation information). 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. A paper copy or an electronic copy of the updated information will be available free of charge upon request by contacting Schroders (see 'Contacting Schroders' in section 18 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. 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 Responsible Entity after lodgement of the annual report and before the date of this PDS

Pursuant to the terms of the ASIC relief (see ASIC relief' in section 6 '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.

13. 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. We will provide a copy of the Constitution on request at no charge. To request a copy please contact us using the details specified in the 'Contacting Schroders' section of this PDS.

Rights and liabilities of unitholders

The Fund is a class of units in the Scheme, an Australian registered managed investment scheme.

The total value of the assets in the Scheme is divided into 'units'.

Each unit carries with it an equal beneficial interest in the Fund and Scheme as a whole but not in any particular asset of the Fund or Scheme. 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 or Scheme. 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, and 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 in any way relating to a Fund. Schroders is not liable to any person except to the extent that it is in fact able to be indemnified out of the assets of a Fund. To the extent permitted by law, Schroders is indemnified out of the assets of each Fund for any liability incurred by it in relation to the proper performance of its duties in relation 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.

14. Dealing with complaints

Schroders has procedures in place for dealing with complaints. Unitholders with enquiries should contact Schroders. You can make a complaint by contacting us by email, phone, through our website (details can be found on page 1), or by writing to us at:

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 1 Business Day from receipt, and address your complaint within 30 days. If Schroders has not addressed your complaint, or if you are not satisfied with our resolution of your complaint, or if your complaint remains unresolved, you can refer your complaint to the independent complaints resolution body, the Australian Financial Complaints Authority (**AFCA**) at info@afca.org.au or 1800 931 678. 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. AFCA is only available to retail clients. AFCA is not available to New Zealand unitholders. If you are a New Zealand unitholder, please see the 'Warning

Statement for New Zealand investors' in this document for further details on how you may complain.

15.Terms and conditions

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

Conditions and acknowledgements

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

1. Electronic terms and conditions

By sending an electronic communication (such as an email) the investor accepts the following terms and conditions:

- The investor authorises Schroders and its authorised agents to act on electronic instructions relating to the investor's investments with Schroders. Schroders is not liable for losses arising from acting on those instructions, except where liability cannot be excluded by law.
- The investor is responsible for keeping their account details secure and if a person uses the investor's account details to send instructions to Schroders, we may treat those instructions as having been given by the investor.
- Schroders is not responsible for losses arising from fraudulent, unauthorised or duplicate electronic instructions.
- Unless contrary to the law, 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 such methods of instruction.
- Schroders will only act on a properly completed communication that has actually been received by Schroders. For example, 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 email or communications.
- Schroders may cancel this arrangement or vary these conditions on 14 days' notice.
- Initial application, instructions to change payment details or signatories sent electronically will not be accepted without prior agreement by Schroders.
- The investor bears the risk of delays in processing instructions if an electronic communication is incorrectly sent (for example, 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 a valid power of attorney must be submitted with the application form
- 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 entity's constituent document 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
- Persons signing on behalf of a company/incorporated association,confirm that they have the authority to bind the company/ incorporated association to the investment.
- Each individual investor confirms that they are 18 years of age or over.
- Schroders may accept documents signed electronically, including scanned signatures, where the signature appears genuine. Schroders may rely on those documents without making further enquiries and is not responsible for losses arising from doing so, and the investor indemnifies Schroders and its related entities for any loss or liabilities arising except where it is contrary to law.
- By acquiring and holding Units each investor:
  - Agrees to be bound by the provisions of this PDS and the Fund's Constitution (which may be amended from time to time).
  - Acknowledges that Schroders reserves the right to refuse an application for units in its absolute discretion.
  - Declares that they have read the current PDS at the time of acquisition.
  - Acknowledges that neither Schroders nor any other person guarantees the return of capital, or the performance of the Fund.
  - Acknowledges that telephone conversations with Schroders may be recorded.
  - Authorises Schroders to apply the Tax File Number or Australian Business Number quoted to all investments in the name of the investor (if applicable).
  - Authorises Schroders to collect, hold, use and disclose personal information about the investor in accordance with Schroders' Privacy Statement and the privacy statement in this PDS, including for direct marketing.

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

If the adviser/consultant/broker or authorised signatories section of the application form has been completed, the investor confirms that the following terms and conditions will apply to the appointment (subject to applicable legal requirements):

- Schroders will only pay investment proceeds to the investor on record. 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 whether 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 or authorised signatory in relation to the operation of their investment in the Fund
- A person who gives another person access to the application form must at the same time and by the same means give the other person access to the PDS and any supplementary document. While the PDS is current, Schroders will send paper copies of the PDS, any supplementary document and the application form on request without charge
- Schroders may cancel this arrangement or vary these conditions without notice

4. AML/CTF acknowledgement

By applying to invest in a Fund you warrant that:

- You comply and will continue to comply with applicable AML and CTF laws and regulations, including but not limited to the law and regulations of Australia in force from time to time (AML/CTF Law);
- You are not aware and have no reason to suspect that:
  - The monies used to fund your investment in a Fund have been or will be derived from or related to any money laundering, terrorism financing or similar activities illegal under applicable laws or regulations or otherwise prohibited under any international convention or agreement ('illegal activity'); or
  - The proceeds of your investment in a Fund will be used to finance any illegal activities.
- You will provide us with all additional information and assistance that we may request in order for us to comply with any AML/CTF Law; and
- You have disclosed to us if you are a 'politically exposed' person or organisation for the purposes of any AML/CTF Law.

The investor acknowledges that Schroders may, in its sole and absolute discretion but otherwise in accordance with the law, vary the terms of this PDS or alter the arrangements in respect of the Fund, where Schroders is required to do so due to changes in AML/CTF law.

By applying to invest in the Fund, you also acknowledge that we may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in the Fund, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any AML/CTF Law, and we will incur no liability to you if we do so. You further acknowledge that Schroders is under no obligation to inform you of its intention to do any of the above, or the fact that it has done any of the above, nor is Schroders obliged to provide you with its reasons for any such actions.

5. 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.

6. Common Reporting Standard (CRS)

Australian financial institutions ('**AFIs**') are required to comply with the Common Reporting Standard ('**CRS**'). 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. Investors in the Fund, are required to certify certain information about your tax residency status before we accept the relevant investor's 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.

The investor agrees to provide all the necessary information and certification required by Schroders to meet our obligations under CRS.

7. Taxation indemnity – for Institutional Investors only

If any tax and/or other related liability arises in any jurisdiction under or in connection with any global minimum tax rules applicable to the Fund as a consequence of your investment in the Fund, then you may be required to indemnify (on an after-tax basis), by way of payment on demand, as appropriate, the Fund against such tax and/or other related liabilities. This obligation will continue to apply after you have disposed of your holding in the Fund.

If you do not satisfy this obligation but still have a holding in the Fund, then we may either:

1. realise an appropriate proportion of your holding in the Fund and use the net proceeds to satisfy the obligation on your behalf; or
2. retain any amount to be distributed to you to satisfy, in whole or in part, any amounts required to be indemnified on your behalf (any amount so retained being treated for all relevant purposes as having been distributed by the Fund to you).

8. US Persons

Neither Schroders nor the Units in the Fund have been registered under the United States Investment Advisers Act of 1940, United States Investment Company Act of 1940, the United States Securities Act of 1933 (**US Securities Act**) or any other US law or regulation. Investment in the Fund is not available to US Persons (as that term is defined in Regulation S under the US Securities Act), and Schroders will generally cause the compulsory withdrawal of any Units held by a US Person if to do otherwise may cause adverse consequences for the Fund, including requirements to register under or otherwise comply with US laws and regulations.

By acquiring and holding Units, each investor:

- Confirms that they are not a US Person (or a person covered under any similar definition under any other applicable US law), unless otherwise notified to Schroders in writing; and
- Undertakes to inform Schroders in writing if, after units are issued to them, they later become a US Person (or a person covered under any similar definition under any other applicable US law).

9. 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, the AML/CTF Act and the DDO Regime require Schroders to collect certain 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 our Client Services team at the address set out below.

Schroders may disclose your personal information to anyone you have authorised, or any broker, 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 broker/adviser/consultant/dealer group's behalf such as external service providers who supply administrative, financial or other services to assist Schroders and/or the broker/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 or its external service providers may be required to transfer your personal information to entities located outside of Australia including London, Luxembourg, India 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:

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. 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. Schroders is subject to mandatory data breach reporting obligations. If an eligible data breach occurs, we will notify the Office of Australian Information Commissioner and any affected individuals of the event where required under these obligations.

16. 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

- 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.
- 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.
- 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.
- 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.
- 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.
- The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

Currency exchange risk

- 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.
- 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

Active Ownership	refers to the influence that can be applied to management teams and relevant stakeholders of investee companies and assets by asset owners via engagement and voting activities so that more sustainable practices are properly considered in managing those companies and assets. This is intended to protect and enhance the value of investments.
ADI	means an Authorised Deposit-taking Institution.
Adjusted iNAV	means an indicative calculation of NAV that will be calculated using the Proxy Basket and published throughout trading hours on each day the TMX market is open for trading.
AMIT	means Attribution Managed Investment Trust.
AML/CTF Law	means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and the associated rules.
AMMA Statement	means Attribution Managed Investment Trust Member Annual statement.
ASIC	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.
Authorised Participant	means a person who is, or who has engaged to act on its behalf, an authorised trading participant with TMX or who is otherwise authorised by TMX to access the TMX market through a trading participant and has executed an Authorised Participant Agreement with Schroders.
Authorised Participant Agreement	means an agreement between the Responsible Entity and an Authorised Participant under which the Authorised Participant may apply for and redeem units directly from the Responsible Entity.
Business Day	means a day excluding a Saturday, Sunday or public holiday on which trading banks are generally open for business in Sydney.
TMX	means TMX Australia Exchange Pty Limited (ABN 47 129 584 667).
TMX Market	means the financial market operated by TMX.
TMX Operating Rules	means the operating rules for the TMX market made by TMX.
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited.
Constitution	means the constitution of the Scheme, as amended or replaced from time to time.
Corporations Act	means the Corporations Act 2001 (Cth).
DDO Regime	means the requirements of Part 7.8A of the Corporations Act (including as interpreted by ASIC in its published guidance).
Direct Investment	means securities held either by Schroders or other Schroders Group managed funds that apply Schroders' exclusions and where Schroders has discretion over security selection.
Emerging Markets	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.
ESG Considerations	means Schroders' determination of areas or factors it considers relate to ESG for a particular Fund or investment, and often relates, but is not limited to, issues such as climate change, environmental performance, labour standards and board composition.
ESG Integrated funds	means funds in this document with a primary aim to achieve investors' financial objectives while incorporating ESG factors into the investment process and/or any funds identified as ESG Integrated funds in this PDS.
FATCA	means the Foreign Account Tax Compliance Act enacted by the United States that imposes obligations including the collection and reporting of certain information about US and US-owned investors to the US tax authorities.
Fund	means the Schroder Australian High Yielding Credit Fund - Active ETF, which is a class of units in the Scheme
GST	means any goods and services tax, consumption tax, value-added tax or similar impost or duty which is or may be levied or becomes payable in connection with the supply of goods or services.
Indirect Investment	means those investments in securities where Schroders does not have discretion over security selection. Examples include underlying portfolios delegated to other entities within the Schroders Group as well as those managed by third-party investment firms,

	such as joint venture partners, market indices and externally managed investments such as ETFs and other externally managed funds.
Institutional Investor	means an investor that is not an individual and is part of a global corporate group.
ISDA Agreement	means the standard form of agreement issued by the International Swaps and Derivatives Association regularly used to govern over-the-counter derivatives transactions.
JPMorgan	means JPMorgan Chase Bank N.A. (Sydney Branch), the Fund's custodian and administrator.
Market Maker	means an Authorised Participant that is appointed to make a market in the units of the Fund on the TMX market by the Responsible Entity.
Market Maker Agreement	means an agreement between the Responsible Entity and an Authorised Participant under which the Authorised Participant is appointed as the Fund's Market Maker.
NAV or Net Asset Value	means the total assets minus the total liabilities of the Fund, units or portfolio in question, as determined in accordance with the Constitution.
Negative Screens	refers to the deliberate exclusion of companies from an investment portfolio based on a defined set of ESG-related criteria.
Proxy Basket	represents the basket of securities that is created to track the movements in the prices of the Fund's assets to assist with intra-day pricing. The Proxy Basket is published by Schroders in its daily Material Portfolio Information Report.
Privacy Act	means the Privacy Act 1988 (Cth).
Responsible Entity	has the meaning defined in the Corporations Act. The Responsible Entity of the Fund is Schroder Investment Management Australia Limited.
RITC	means a 'reduced input tax credit' as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Scheme	Means the Schroder Australian High Yielding Credit Fund ARSN 098 143 796
Schroders Group	means Schroders Limited and its subsidiaries.
TMD	means the target market determination prepared for the Fund in accordance with the DDO Regime. A copy of the current TMD for the Fund is available on the Schroders website www.schroders.com.au.
Unit	means a unit in the Fund.
Unit Registry	means MUFG Corporate Markets (AU) Limited

18. Contacting Schroders

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

Registered office
Level 17, 39 Martin Place
Sydney NSW 2000

Schroders unit registry
C/o MUFG Corporate Markets (AU) Limited
Locked Bag A14
Sydney South NSW 1235

Website
www.schroders.com.au

Registry email

info.schroders@cm.mpms.mufg.com

Registry telephone
(+61) 1300 180 103