Schroders

Schroder Investment Funds

Other Material Information

Investment Management by Schroder Investment Management Australia Limited

This is the Other Material Information for the:

- Schroder Sustainable Global Core PIE Fund
- Schroder Sustainable Global Core PIE Fund (Hedged)

Dated 12 October 2023

Issued by FundRock NZ Limited

Contents

Introduction

This is an important document in relation to your investment in the Schroder Investment Funds ('Scheme') and should be read together with the Product Disclosure Statement ('PDS'), the Statement of Investment Policy and Objectives ('SIPO') and other documents held on the register at www.companiesoffice.govt.nz/disclose ('Disclose Register'). If you are a retail investor you must be given a copy of the latest PDS before we can accept your application for units.

This Other Material Information document ('Document') has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 ('FMC Act') and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 ('FMC Regulations'). All legislation referred to in this Document can be viewed at www.legislation.govt.nz.

In this Document, "you" or "your" refers to a person or entity that invests in either of the Funds within the Scheme, whether directly or through a wrap platform or similar administration and custodial service. If you hold units through a wrap platform or similar administration and custodial service, please refer to the "Investing through administration and custodial services" (e.g. wrap platforms) section. "We", "us", "our", "Manager" or "FundRock" refers to FundRock NZ Limited as the manager of the Scheme. When we use the word "current" or "currently" in relation to any legislation, regulation, policy, information, activity or practice, we refer to these at the date of this document. Any legislation, regulation, policy, information, activity or practice may be reviewed or changed without us notifying you.

Capitalised terms have the same meaning as in the Master Trust Deed for the Establishment of Managed Investment Schemes ("Trust Deed") (including the relevant Scheme and Fund Establishment Deeds for the Schroder Investment Funds) unless they are otherwise defined in this Document.

Other information on the Funds

This document relates to the offer of units in the following funds ('Funds'):

- Schroder Sustainable Global Core PIE Fund
- Schroder Sustainable Global Core PIE Fund (Hedged)

The Funds are constituted within a managed investment scheme called the "Schroder Investment Funds", registered scheme number SCH13639. The Scheme is governed by the Trust Deed dated 18 January 2022, a Scheme Establishment Deed dated 21 August 2023, and a Fund Establishment Deed (for each Fund) both dated 21 August 2023 (together the "Governing Documents" for the Scheme). The Funds are invested in accordance with the SIPO for the Scheme. You can get an electronic copy of the Governing Documents and SIPO from the scheme register on the Disclose website www.companiesoffice.govt.nz/disclose.

Investing through administration and custodial services

The Funds may be offered through certain administration and custodial services. These include "wrap platforms". When you invest through an administration and custodial service you do not hold units in the Fund directly. Instead, your units are held in the name of a custodial entity for the wrap platform on your behalf. This means many of the legal rights attaching to those units are held by that custodial entity rather than by you, and so your ability to exercise those rights is subject to the terms and conditions agreed between you and the provider of the service. You are encouraged to familiarise yourself with those terms and conditions as set out in the service provider's marketing and legal documentation.

Other information on the parties involved

Manager

FundRock is a fund management company specialising in establishing and managing New Zealand-domiciled funds. With a deep understanding of New Zealand's investment management industry, FundRock works with both local and global investment managers to enable investors to access these specialist managers' investment expertise within funds and solutions that have been tailored for New Zealand's tax and legislative environment.

FundRock was granted a licence to act as the manager of a registered scheme under the FMC Act by the Financial Markets Authority ('FMA') on 25 August 2015. The licence is subject to us maintaining the same or better standard of capability, governance and compliance as was the case when the FMA assessed our licence application. The licence is subject to the normal conditions imposed under the FMC Act and the FMC Regulations, and the standard conditions imposed by the FMA.

The names and contact details for directors and information on the shareholders of FundRock are available at https://companies-register.companiesoffice.govt.nz/. This information may change from time to time without notice to you.

Investment Manager

Schroder Investment Management Australia Limited ('Schroders' or 'Investment Manager') has been appointed as investment manager of the Funds. Further information on Schroders may be found at https://www.schroders.com/en-au/au/local/.

Schroders is responsible for investing the assets of the Funds in compliance with the Scheme's SIPO.

Supervisor

The supervisor of the Scheme is Trustees Executors Limited ('Supervisor'). The Supervisor is independent of us.

Trustees Executors Limited was incorporated in New Zealand on 6 July 1881. The names and contact details for directors and information on the shareholders of Trustees Executors Limited are available at https://companies-register.companiesoffice.govt.nz/.

The Supervisor is responsible for supervision of FundRock and the Scheme, including:

- acting on behalf of the Funds' investors in relation to FundRock and any contravention of FundRock 's issuer obligations;
- supervising the performance by FundRock of its functions and the financial position of FundRock and the Scheme; and
- holding the Funds' assets or ensuring that the assets are held in accordance with applicable legislative requirements.

The Supervisor was granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds.

Custodian

Trustees Executors Limited is the Custodian of the assets of the Funds. Trustees Executors Limited has appointed JP Morgan Securities Australia Limited as the sub-custodian for each Fund.

As required by the FMC Act, the Custodian is independent of us.

Administration Manager

FundRock has appointed Apex Investment Administration (NZ) Limited as the administration manager ('Administration Manager' or 'Apex NZ') for the Scheme. Key roles undertaken by Apex NZ include:

- Unit pricing.
- Fund accounting.

Registry Manager

FundRock has appointed Apex NZ to provide registry services to the Scheme.

Other

Other key parties currently employed by FundRock in relation to the Scheme are:

Party	Role
PricewaterhouseCoopers	Auditor
Chapman Tripp	Legal adviser

Manager and Supervisor's Indemnity

Both we and the Supervisor are entitled to be indemnified out of the relevant Fund.

The indemnity covers any personal liability (including Portfolio Investment Entity ('PIE') tax) incurred by or on behalf of a Fund, or any action taken or omitted in connection with the affairs of a Fund (other than in respect of our or the Supervisor's negligence). It also covers the costs of any litigation or other proceedings in which such liability has been determined (including legal fees and disbursements). The indemnity ranks in priority to the claims of investors. It is subject to the limits on permitted indemnities under the FMC Act and the Trusts Act including that the indemnity is only available where we and the Supervisor have properly performed our duties under the FMC Act.

We and the Supervisor, in incurring any debts, liabilities or obligations or in taking or omitting any other action for or in connection with the affairs of a Fund, are each deemed to be acting for and on behalf of a Fund and not in our own respective corporate capacities.

Neither the Supervisor nor we, (except as otherwise expressly provided in the Governing Documents) are under any personal liability, nor may resort be had to our private property, for the satisfaction of any obligation of a Fund.

Material Contracts

The following material contracts are in place in relation to the Scheme:

- On 18 January 2022, we and Trustees Executors Limited entered into a Master Trust Deed for the Establishment of Managed Investment Schemes. The Deed appointed Trustees Executors Limited as supervisor, and FundRock NZ Limited as manager of any schemes established under the Deed.
- On 21 August 2023, we and Trustees Executors Limited entered into the Scheme Establishment Deed for the Schroder Investment Funds, which established the Scheme.
- On 21 August 2023 we and Trustees Executors Limited entered into two Fund Establishment Deeds for the Funds, which established the Funds under the Scheme.
- On 18 January 2022 we and Trustees Executors Limited entered into a Supervisory Agreement.
- On 6 September 2023 we and Apex NZ entered into an Administration Management Agreement.
- On 6 September 2023 we and Apex NZ entered into a Unit registry Agreement.
- On 23 August 2023 we and Schroders entered into an Investment Management Agreement.
- On 23 August 2023 we and Schroders entered into a Fund Hosting Agreement.

Disclosure of Interests

Circumstances where potential or actual conflicts of interest may arise in relation to the Funds and our policies on managing such conflicts are discussed below.

Apex Investment Administration (NZ) Limited

Both we, and the Scheme's registry manager and administration manager, Apex NZ, are ultimately owned by Apex Group Limited. This common ownership may influence us to agree commercial terms with Apex NZ that are more favourable to Apex NZ than would otherwise be the case. If that happened, it would benefit the interests of Apex NZ at the expense of the interests of investors. We manage this potential conflict of interest by certifying to the Supervisor that the arrangement with

Apex NZ is on arms' length commercial terms and by complying with our Conflicts of Interest Policy in respect of our relationship with Apex NZ.

Investments in the Fund by related parties

Parties related to the Funds, including the staff of Schroders and their families, the staff of FundRock and their families and the staff and families of all parties listed in the "Other information on the parties involved" section, may from time to time invest in the Funds.

Crossing transactions

Schroders and other entities within the Schroders Group act as manager or investment manager for other investment funds ("Other Schroders Funds"). To reduce transaction costs, Schroders may have the Funds buy or sell assets from those Other Schroders Funds ("Crossing Transactions") instead of buying and selling those assets on market. Schroders' relationship with those Other Schroders Funds could influence it to undertake Crossing Transactions instead of buying or selling assets on market, or to undertake Crossing Transaction when one or other fund would not have otherwise transacted. If Crossing Transactions are not undertaken at fair value, investors in one fund could benefit at the expense of investors in the other fund or vice versa. Both Funds could potentially be affected. In addition to the steps set out under the 'Management of conflicts of interest' section below, Crossing Transactions are governed by the Schroders Group policy on Crossing Transactions which require those transactions to be conducted on arms' length terms.

Underlying Schroders Funds

Schroders' association with the Other Schroders Funds could influence it to invest the assets of the Funds into Other Schroders Funds instead of into direct assets or investment funds managed by third parties. If the investment into the Other Schroders Funds is not on arms' length terms or if investment into direct assets or third party funds were a more efficient way of achieving the Funds' investment strategy, investors in the Funds could be adversely affected. Both Funds are potentially affected. Any decision to invest the assets of the Funds into Other Schroders Funds will be a related party transaction for which the procedure set out below under the 'Management of conflicts of interest' section would apply.

Management of conflicts of interest

The FMC Act imposes statutory controls on related party transactions and conflicts of interest:

- A transaction with a related party benefit in respect of a Fund may only be entered into if the details are notified to the Supervisor and we: 1) certify the transaction (or series of transactions) is "permitted" on the basis that the transaction is on arm's length terms; or 2) we obtain the Supervisor's consent on the basis that it is in the best interests of investors, or contingent on Special Resolution approval by investors.
- As manager of the Funds, we are subject to various statutory duties in the performance of our duties as manager, including the requirement to act honestly and in the best interests of investors.
- Where we contract out our functions to other parties, such as the investment management of the Funds to Schroders, we must ensure the persons to whom we contract those functions perform them to the same standard and are subject to the same duties and restrictions as if we were performing them ourselves. These include the statutory duties referred to above. We must also monitor the performance of that function.
- Schroders, as investment manager of the Funds, must comply with a professional standard of care in exercising any powers or performing any duties as investment manager. Schroders must exercise the care, diligence, and skill that a prudent person engaged in the profession of investment management would exercise in the same circumstances.

We have built these statutory controls into our internal compliance processes and procedures. We have a Conflicts of Interest and Related Party Transactions Policy and Procedure ('Policy') which extends the statutory duties imposed on us to our staff members.

The Policy defines what a conflict of interest is and provides for reporting and disclosure of conflicts of interest to the Board, Manager and Directors.

Explanation of Key Terms

The information below is a summary of the key provisions of the Governing Documents. For a detailed description of the Scheme's governing terms, please refer to the Governing Documents held on the scheme register at www.companiesoffice.govt.nz/disclose (Disclose Register). If there is any conflict between information in this Document and the terms of the Governing Documents then the terms of the Governing Documents prevail.

Making an application

The application process is described in the PDS.

Issue Price

If we accept your application, you will be issued units in the Fund of your choosing at the Issue Price. The Issue Price is the net asset value per unit in the Fund, plus an amount per unit calculated to reflect the cost of acquiring investments following the issue of units ('buy spread') and other administrative costs relating to the sale or issue of units. For the current buy spreads for the Funds refer to www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/. The Issue Price of a unit is generally determined on each Business Day ('Valuation Time'), but see below for exceptions.

The value of the assets held by the Scheme and the net asset value of the Funds will be determined in accordance with the Scheme's Governing Documents and on a consistently applied basis.

If an application is received and accepted prior to the cut-off time of the relevant Fund on a business day, the Issue Price application to your application will be the Issue Price determined as at the end of the Valuation Time (unless we determine otherwise at our discretion). If your application is received and accepted at or after the applicable cut-off time on a business day, the applicable Issue Price will be the Issue Price determined as at the end of the following Valuation Time (unless we determine otherwise at our discretion).

The cut-off time for the receipt of applications and cleared funds for a Fund is currently 2pm New Zealand time.

The Funds may invest into underlying funds located outside New Zealand. In some circumstances (e.g., where there is a public holiday in the jurisdiction of the underlying fund/s) it may not be possible to determine the Issue Price of a unit for the Fund because there is no valuation data available for the underlying fund/s. In these cases, the Issue Price may be determined on the next Business Day on which valuation data is available for the underlying fund/s.

If a payment is dishonoured or reversed, no units will be issued in respect of that payment or any units issued based on that payment will be cancelled.

Charges

Buy/sell spreads

The Issue Price includes a buy spread that provides for the cost of acquiring investments in the relevant Fund. The Redemption Price includes a sell spread that provides for the cost of realising investments in the relevant Fund. For the most up to date buy/sell spreads see www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/.

We review the buy/sell spreads from time to time. Buy/sell spreads are indicative only and may apply to each investment/redemption and be a cost to you.

Annual Fund charges

The Funds' estimated annual fund charges ('Annual Fund Charges'), which include management fees, are outlined in the PDS. The Annual Fund Charges include fees and costs charged by us, the Supervisor, custodian, Administration Manager, Investment Manager, registrar and auditor. It may also include professional fees (for example, legal and tax advice fees) and index license costs. These charges may be directly charged to a Fund or recovered by us from a Fund.

The GST treatment of each of these components varies. For example, GST is charged at 15% on the audit fee and custody fees are an exempt supply for the purposes of GST. The percentages of these fee components within the Annual Fund Charges vary, and may change in the future, which is why the aggregate amount of GST needs to be estimated in the PDS. The GST estimate is based on the GST charged on the assume fee amounts of each component within the Annual Fund Charges.

The Annual Fund Charges are calculated daily and paid monthly in arrears. We may waive or decrease the Annual Fund Charges without notice. Subject to any maximum amount in the PDS we may increase the management fee, or, provided that any proposed new or additional fee is permitted, we may charge a new or additional fee not currently being charged by giving you at least three months' notice.

The Annual Fund Charges include any investment management fees deducted within an underlying fund or paid to an underlying investment manager.

Supervisor's other fees

The Supervisor may charge additional fees to the Funds for special services (e.g., on wind up of a Fund).

Initial service fee

While we have no current intention to do so, we may charge an initial service fee determined by us on the issue of any unit. Any initial service fee, if it were to be charged, would be in addition to any buy spread.

Variation to fees

We may, in our absolute discretion, rebate the buy and sell spread and/or Annual Fund Charges (which includes management fees) by agreement, with an investor, or a group of investors.

Distributions

We intend to pay six-monthly distributions from the Funds for the March and September periods. Distributions are expected to be paid to your nominated bank account within 10 Business Days of the start of April and October respectively. You can elect for your distributions from the Funds to be reinvested into the relevant Fund, or paid to your nominated bank account. If you do not make a distribution election, the default option is reinvestment. We can vary the method of calculation of distributions and the period between distributions (including suspending distributions) by providing three months' notice to you.

Amendments to the Governing Documents

We can agree with the Supervisor to change the Governing Documents in certain circumstances, without consulting you. This ability is, however, subject to certain protections (for your benefit) as set out in the Governing Documents and relevant law.

Altering your investment

We may alter or introduce minimum application amounts, holding amounts, transfer amounts and redemption amounts for any Fund at any time. We may allow applications, holdings, transfers and redemptions for less than those minimums at our discretion.

We may decrease or waive the management fee for any Fund at any time without notice.

We can change the SIPO. Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to investors in the relevant Fund prior to effecting any material changes.

Payment of Redemption Requests may be suspended or deferred. Details of when this may occur are included in the "Redemption of units" section.

We may resolve to wind up any Fund. In that case, all assets of the Fund will be realised and the Fund wound up (as explained in the "Insolvency or winding up" section).

If your holding in any Fund falls below the minimum holding amount fixed by us from time to time or if we determine that an adjustment for PIE tax would reduce your holding to below that minimum holding amount, we may redeem your entire holding and pay the net proceeds into your nominated bank account. We will give you at least one month's notice of our intention to do this.

The current minimum holding amount in a Fund is $25,000.

We may take all steps necessary to ensure the Funds remain eligible to be PIEs. This includes our ability to compulsorily redeem some or all of your units and pay the net proceeds to your nominated bank account in order to ensure that the Fund maintains its eligibility as a PIE.

Redemption of units

Minimum redemption amounts

If a Redemption Request would cause your holding in any Fund to fall below the minimum holding amount (as determined by us from time to time) we may treat the Redemption Request as a request to redeem all your units in the Fund.

If your holding falls below the minimum holding amount or to a level where an adjustment for PIE tax would leave your holding below the minimum holding amount, we may redeem all of your units and pay the proceeds to your nominated bank account.

We may also refuse a Redemption Request for less than $5,000.

Redemption Price

When you redeem all or part of your investment from a Fund, we will redeem your investment at the unit price for the relevant Fund, adjusted for the applicable sell spread for that Fund.

If a redemption is received and accepted prior to the cut-off time of the relevant Fund on a business day, the Redemption Price applicable to your redemption will be the Redemption Price determined as at the end of the Valuation Time (unless we determine otherwise at our discretion). If your redemption request is received and accepted at or after the applicable cut-off time on a business day, the applicable Redemption Price will be the Redemption Price determined as at the end of the following Valuation Time (unless we determine otherwise at our discretion).

The cut-off time for the receipt of Redemption Requests for a Fund is currently 2pm New Zealand time.

The Funds may invest into underlying funds located outside New Zealand (i.e., Australia). In some circumstances (e.g., where there is a public holiday in the jurisdiction of the underlying fund) it may not be possible to determine the Redemption Price of a unit for the Fund because there is no valuation data available for the underlying fund. In these cases, the Redemption Price may be determined on the next Business Day on which valuation data is available for the underlying fund.
If an investor's Redemption Request is in a format approved by the Manager, payment will normally be made within five business days of our receiving a Redemption Request from you.

Deferral of redemptions

Fund redemptions may be deferred if:

- we receive one or more Redemption Requests, within 60 Business Days, that total more than 10% of a Fund's units on issue, and
- we consider deferral to be in the general interests of all Fund investors.

We must notify the Supervisor of our intention to defer redemptions as soon as reasonably practicable.

If redemptions are deferred, in accordance with the Trust Deed, then those units that have been subject to the redemption deferral may be repurchased or redeemed by instalments at the Valuation Times for a period determined by us or in total at the end of a period determined by us. In either case, the Redemption Price is to be calculated at the Valuation Time or Valuation Times on which units are repurchased or redeemed.

Suspension of redemptions

We may suspend redemptions where we in good faith form the opinion that it is not practicable, or would be materially prejudicial to the interests of the Fund's investors for the Supervisor to realise assets or borrow to permit unit redemptions.

Particular reasons for suspension mentioned in the Trust Deed are:

- a decision to wind up a Fund;
- financial, political or economic conditions applying in respect of any financial market or other markets in which Authorised Investments may be sold;
- the threat to a Fund's eligibility for PIE status;
- the nature of any asset or investment;
- the suspension of redemptions in an underlying fund into which the relevant Fund invests; and
- the occurrence or existence of any other circumstance or event.

If redemptions are suspended, we must give notice to all investors who have made a Redemption Request. If the suspension is for a period of more than two weeks, we must give notice to all investors in the Fund.

The suspension will continue until:

- we give notice that the suspension is concluded; or
- the expiry of any period stated in the Establishment Deed (or six months after the date of the notice if no period is stated in the Establishment Deed); or
- such other date as may be approved by a Special Resolution of investors,

whichever is earlier.

A Redemption Request may not be suspended for a period exceeding six months after its receipt (or such other date as is approved by Special Resolution of investors).

When Redemption Requests are suspended, in accordance with the Trust Deed, the Redemption Price payable to investors will be calculated on the last Business Day of the period of the suspension.

Tax on redemptions

Where units are redeemed, the tax liability on income allocated to you up to the redemption date will need to be satisfied either by us cancelling units or be deduction from any redemptions. Generally, this will occur by cancellation of units on redemption.

Right to sell units

You may sell and transfer all or any of your units, (either to an existing investor or another person) by completing a Transfer Request Form, to be signed by the transferor and transferee. The transfer becomes effective when it is entered in the Register.

We may decline to register any transfer in our absolute discretion and without giving any reasons. Without limiting this discretion, we may decline a transfer due to:

- non-compliance with any law or the provisions of the Governing Document or the Establishment Deed; or

- the transfer resulting in the transferee or the transferor holding less than the minimum holding or more than any maximum holding; or
- the transfer resulting in the relevant Fund becoming ineligible as a PIE or threatening such eligibility.

No transfer of any units can be registered unless any sums owed in respect of those units (including any applicable PIE tax, or other duties or any commissions, fees and charges in respect of the transfer of the units) have been paid.

Fund structure

The Schroder Investment Funds consists of two funds, the Schroder Sustainable Global Core PIE Fund and the Schroder Sustainable Global Core PIE Fund (Hedged). Each Fund is a separate and distinct trust.

The assets of the Funds are segregated and distinct. This means that the assets of one Fund cannot be used to satisfy the liabilities of the other Fund.

Termination of a Fund

A Fund will terminate on the first of the following:

- the date of termination (if any) notified in writing by us and the Supervisor to each investor of the Fund which will be at least three months after the date of the notice;
- 80 years less two days from the date of the Trust Deed; or
- the date on which investors determine to terminate the Fund by Special Resolution.

Taxation

This section briefly summarises the taxation regime as it currently applies to the Funds. It is intended as a general guide only. There may be changes to the taxation legislation and tax rates in the future which may impact each investor differently. Investors should always seek independent professional taxation advice for their individual circumstances.

Portfolio Investment Entity

The Funds have each elected to be a PIE.

As at the date of this document, capital gains derived by PIEs in relation to New Zealand and most listed Australian companies are not subject to tax. The Funds calculate the taxable income accruing from investments in global shares listed outside of New Zealand and Australia, and forward currency contracts used for the purposes of currency hedging, using the Fair Dividend Rate ('FDR') method. You can find more information on the FDR method on the IRD website (www.ird.govt.nz). Search for 'IR461'. The method of calculation of taxable income may change without notice.

Under the PIE regime, a Fund will allocate its taxable income to investors and, where applicable, pay tax on allocated income on behalf of investors for an investor with a prescribed investor rate ('PIR') of greater than zero. A Fund will undertake any necessary adjustments to an investor's interests in the Fund to reflect that the Fund pays tax at varying rates on behalf of investors.

Investors will not pay tax on distributions (if any) paid to investors from the Funds.

Foreign residents

The Funds will elect to be foreign investment variable-rate PIEs.

For eligible foreign residents who have sufficiently completed and provided to us a notified foreign investor ('NFI') form (available on request), the PIE will calculate and pay tax based on the prescribed investor rates in relation to income attributed to the NFIs, as follows:

All non-New Zealand sourced income, fully imputed dividends paid by a New Zealand resident company[1] and income sourced from New Zealand financial arrangements (excluding interest covered below).	0%
New Zealand sourced interest income derived under a financial arrangement.	1.44%
New Zealand dividend income, to the extent it is unimputed, is taxed based on whether the investor is resident in a country with which New Zealand hold a double tax agreement ('DTA') that reduces non-resident withholding tax to a rate less than 30%	15% (DTA); 30% (no DTA)
Any other New Zealand sourced income (if any)	28%

Once every year the Funds must check each NFI meets the eligibility requirements under the Income Tax Act and that their information details remain unchanged.

To determine whether you are a resident of a country with which New Zealand maintains a double tax agreement with, refer to www.taxpolicy.ird.govt.nz/tax-treaties

General

Investors must advise FundRock of their PIR and IRD number when applying to invest in a Fund and if their PIR changes at any time. If a New Zealand resident investor has not provided their IRD number to FundRock, after 6 weeks, FundRock is required to close the investor's account and return any funds to them.

If an investor does not provide their PIR to FundRock they will automatically be taxed at the maximum default rate of 28%.

If you are a New Zealand tax resident individual and the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall, as part of the income tax year-end process. If the rate applied to your PIE income is higher than the correct PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Investors that are New Zealand tax resident trusts may elect a rate of 0%, 17.5%, 28% and in limited circumstances, 10.5%. Unless a 28% rate is applied, PIE income and credits must be included in a trust's income tax return, with a credit claimed for any PIE tax paid.

Other non-individual New Zealand resident investors with a PIR of 0% must include PIE income and credits in their own income tax returns.

The Commissioner of Inland Revenue can require FundRock to disregard a PIR notified by an investor if the Commissioner considers the rate to be incorrect. The rate specified by the Commissioner would then apply to that investor's attributed income.

Taxable income is attributed annually to 31 March, or at any time an investor withdraws all or part of their investment from a Fund.

If there is a tax loss or there are excess tax credits allocated to an investor for a period, these will generally be available to investors with a PIR other than 0% in the form of a rebate. The Funds will either re-invest this rebate by purchasing units in the Fund on an investor's behalf in respect of annual attributions as at 31 March or include it in the net proceeds payable to that investor or applied on their behalf as a result of a full withdrawal. For trusts that have chosen a PIR other than 28%, and New Zealand resident investors with a 0% PIR, the tax loss or excess credits may be available for offset in that investor's tax return against other income, with any excess available to carry forward.

Neither the Supervisor, Manager, Investment Manager nor any other person guarantees or provides undertakings in relation to the return of capital invested in a Fund by an investor, the payment of any return on capital, or provision of any distribution or payment of any money in relation to a Fund, or the performance of a Fund.

[1] Other than a dividend in relation to which a supplementary dividend is paid, in which case a prescribed investor rate of 15% should apply to the dividends.

Other Risks

The PDS describes the key risks associated with investments in the Funds. Further information is provided below. Different investments have different types of risks. We recommend that you seek professional advice before investing in the Funds to understand what risks are associated with this investment, especially in relation to your circumstances.

Fund risk: These are risks specific to each Fund. These risks include that the relevant Fund could terminate; the fees and expenses of the Fund could change; FundRock may be replaced as manager; the Schroders investment team may change; or that investing in a Fund may lead to a different result than investing in the market directly. FundRock aims to keep fund risk to a minimum by monitoring each Fund and the investments of the Funds at all times and by acting in investors' best interests.

PIE tax risk: the Funds may fail to satisfy the PIE eligibility criteria (as defined in the Income Tax Act 2007) and if that failure is not remedied within the period permitted under the Income Tax Act 2007, the relevant Fund may lose its PIE status. In that case, under tax legislation in force as at the date of this document, the relevant Fund may be taxed as a company at 28% on all taxable income and any distributions and redemption may become taxable income and any distributions and redemptions may become taxable to investors. The Manager has implemented processes to monitor ongoing PIE eligibility compliance for each of the Funds and has a number of powers under the Trust Deed available to it to proactively manage the risk.

Key person risk: This is the risk that key individuals are no longer able to fulfil their obligations in respect of the investment or administration of the relevant Fund. FundRock aims to ensure that all staff are highly qualified and capable of mitigating individual key personnel risk. FundRock will ensure that it has sufficient resources to enable the Funds to continue unaffected should any member of the team be unable to fulfil their obligations.

Regulatory and tax risk: Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Funds invest. These regulatory or taxation changes may occur in New Zealand or other countries in which the Funds invest. In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in New Zealand, which may result in greater potential for fraud or market manipulation. There is also the risk of substantially more government involvement in the economy in foreign countries, as well as, the possible arbitrary and unpredictable enforcement of securities regulations and other laws, and the possibility of sanctions being imposed against issuers in various sectors of certain foreign countries, each of which may limit the ability of the Funds to invest in or sell securities of foreign issuers. There is a risk that the Funds fail to achieve their investment objectives due to regulatory and tax risk. Regulatory and tax risk is managed by FundRock by regularly and closely reviewing changes in the law and seeking expert legal advice where necessary.

Administration risk: This is the risk that instructions in relation to your investments in the Funds have not been accurately relayed or processed or that fraudulent instructions are acted upon. FundRock, the Investment Manager, and the Administration Manager will follow reasonable electronic instructions in good faith. Whilst we cannot always detect fraudulent instructions, we will apply best endeavours to mitigate this risk.

Operational risk: This refers to a range of risks associated with the operation of the Funds and includes human error, systems breakdown, external threats and other factors beyond the Manager's control. Such risks may result in the Funds failing to achieve their investment objectives.

Derivatives risk: Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Funds to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Funds or if the cost of the derivative outweighs the benefit of the hedge.

Counterparty risk: The Funds' trading counterparties may become insolvent or otherwise not meet their obligations to the Fund which may affect the value of your investment. Schroders aims to keep this risk to a minimum by only selecting counterparties that it considers appropriate for each Fund and by regularly monitoring the counterparties.

Cybersecurity risk: The Manager, Investment Manager, Supervisor and service providers' use of internet, technology and information systems may expose the Funds to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or a Fund's assets, or cause us, Schroders, the Supervisor or any other service provider to suffer data corruption or the loss of operational functionality.

Lack of diversification across asset classes: While the Funds hold a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

Listed property securities risk: The Funds' exposure to property is via listed investment vehicles which provides the same risks as shares. In addition, the value of the underlying property is affected by changes in property values and rental income, property taxes, interest rates, and tax and regulatory requirements. There is also a risk that the listed property security price trades at a discount to the underlying property value due to investor sentiment. Additionally, the underlying property also tends to incorporate leverage which may result in higher price volatility in the listed property security.

How risks can affect an investment

The actual or perceived existence of risk may manifest itself in uncertainty, which in turn increases volatility of investment returns. When the collective sentiment of the market is positive, prices rise; when it is negative, prices fall. If specific risks eventuate a total loss of capital may occur. Each investment will be affected by a different combination of risks.

Because of these risks, it is foreseeable that an investor may receive back less than the capital invested by the investor into the Funds. However, the investor will not be required to pay more money than the amount the investor invested in the Funds (with the exception of any PIE tax liability that may be incurred).

ESG Considerations

Schroders, in making investment decisions, takes into account labour standards and environmental, social and governance (**ESG**) considerations as part of its investment process. Schroders applies the ESG considerations explained in the PDS and the SIPO for the Scheme.

Sustainability at Schroders

Sustainable investment team
There is a dedicated sustainable investment team in London within the Schroders group, with representatives across the APAC region who work with stakeholders across the business to help identify and analyse emerging trends, regulatory developments, and industry best practice pertaining to ESG that may be significant for Schroders' business.

Schroders memberships
Schroders is an active member of a number of investor groups focused on promoting ESG considerations and dealing with specific issues or industries, or with whom Schroders collaborates on various industry initiatives. Schroders became a signatory to the PRI Association (**PRI**), a leading promoter of responsible investment practices supported by the United Nations in 2007. The UN PRI introduced a new reporting and assessment framework for the 2021 reporting cycle, and Schroders received scores of 4 and 5 stars across all modules in the new reporting structure for 2021 (reflecting our activity during 2020).

Schroders' ESG related policies and disclosures
Schroders believes transparency is an important feature of effective ESG integration. Schroders produces a number of publicly available reports for clients on Schroder's sustainability and ESG-related activities. All of these reports are available on Schroder's website on the "policies and notices" page at https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/.

Insolvency or winding up

You will not be liable to pay money to any person as a result of the insolvency or winding up of a Fund (except as described below).

You will be liable to meet any tax liability attributable to you which exceeds the value of your investment in the Fund (in which case you indemnify the Supervisor for the difference between the value of the units and the tax liability). A custodian that holds legal title to units on behalf of underlying investors and elects to be a proxy for PIE investors will, under the terms of the application form, available on request from us, be asked to indemnify us and the Supervisor for any losses, liabilities, costs or expenses arising from any breach (in relation to underlying investors that such custodian is responsible for) of the investor interest size requirements or the investor membership requirements under the Income Tax Act 2007, including the losses, liabilities, costs or expenses arising from the Fund losing PIE status.

On insolvency or winding up of a Fund, the assets of the Fund are first applied to meet the claims of any creditors of the Fund (whether preferred, secured or unsecured), which includes the Supervisor's and Manager's claims for fees and expenses. Following this, the remainder of the assets of the Fund will be distributed to investors in proportion to the number of units held.

At the date of this document, there are no other claims on the assets of the Scheme that rank ahead of or equally with the claims of investors. In certain circumstances, you may receive assets other than cash (e.g. securities in another investment held by the Fund) as part of a wind up.

More information about market indices

Schroder Sustainable Global Core PIE Fund is managed with the objective of outperforming the MSCI World ex Tobacco Index (net dividends reinvested) NZD, after fees, with limited risk relative to the index.

Schroder Sustainable Global Core PIE Fund (Hedged) is managed with the objective of outperforming the MSCI World ex Tobacco Index (net dividends reinvested) NZD (Hedged), after fees, with limited risk relative to the index.

More information about these indices can be found at www.msci.com.

No guarantee

None of the Supervisor, the Manager, Investment Manager nor their respective directors and shareholders, nor any other person guarantees or provides undertakings in relation to the return of capital invested in the Funds by an investor, the payment of any return on capital, any particular rate of return, provision of any distribution or payment of any money in relation to the Funds, or the performance of the Funds. An investor's investment is not secured against any assets.