

# Schroder Japan Alpha Plus Fund

Proposal for the Scheme of Arrangement for the merger of Schroder Japan Alpha Plus Fund into Schroder Tokyo Fund

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**This document is important and requires your immediate attention**



**Schroders**

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If there is anything in this document that you do not understand or if you are in any doubt as to what action to take, you should consult your professional adviser.

Notice of a meeting of Unitholders of the Schroder Japan Alpha Plus Fund is set out at the end of this document. The meeting is to be held at 9:00 a.m. on 22 January 2016 at 31 Gresham Street, London EC2V 7QA.

You are requested to complete and return the enclosed form of proxy in accordance with the instructions printed on it, in the prepaid envelope provided, to arrive no later than 9.00 a.m. on 20 January 2016.

Copies of this document may be obtained from us by contacting Schroder Investor Services, PO Box 1102, Chelmsford CM99 2XX (Tel: 0800 718 777 Fax: 0870 043 4080) or can be downloaded direct from our website [www.schroders.co.uk/fundchanges](http://www.schroders.co.uk/fundchanges).

# Contents

Glossary of Terms	2
Expected timetable for the proposed merger	3
Letter from Robin Stoakley, a director of Schroder Unit Trusts Limited, detailing information about the proposed merger, including:	4
<b>1.</b> Reasons for the proposed merger	5
<b>2.</b> Accounting dates and income allocation	5
<b>3.</b> Tax implications	6
<b>4.</b> Regular Savers, mandates and other instructions	6
<b>5.</b> Issue of New Units under the merger	6
<b>6.</b> Costs and expenses	7
<b>7.</b> Consents and approvals	7
<b>8.</b> Your right to sell or to switch your Units	7
<b>9.</b> Recommendation and action to be taken	7
Appendix 1 Comparison of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund	9
Appendix 2 Procedure for Unitholder meeting	11
Appendix 3 Scheme of Arrangement for the merger of the Schroder Japan Alpha Plus Fund into Schroder Tokyo Fund	13
Appendix 4 Consents and clearances	17
Appendix 5 Notice of meeting of the Unitholders	18

## Glossary of terms

**Defined terms shall be as defined below or otherwise as defined in the prospectus of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund.**

Accumulation Unit	a unit in a Fund which accumulates the income arising in respect of that unit so that it is reflected in the value of that unit;
COLL	the Collective Investment Schemes Sourcebook, as amended from time to time and forming part of the FCA Rules;
Effective Date	29 January 2016, assuming Unitholder approval is obtained at the meeting of Unitholders in the Schroder Japan Alpha Plus Fund, or if such approval is not achieved then the date of any Unitholder approval at any subsequent reconvened Unitholder meeting, or such subsequent date and time as may be agreed in writing between the Trustee and the Manager;
Effective Time	12:01 pm on the Effective Date;
Extraordinary Resolution	an extraordinary resolution of the Unitholders in the Schroder Japan Alpha Plus Fund required to approve the implementation of the Scheme;
FCA	the Financial Conduct Authority;
FCA Rules	the FCA's Handbook of Rules and Guidance;
Funds	Schroder Japan Alpha Plus Fund and Schroder Tokyo Fund;
Income Unit	a Unit or New Unit which distributes its income;
Letter	The letter from Robin Stoakley, a director of Schroder Unit Trusts Limited, detailing information about the proposed merger;
Manager	Schroder Unit Trusts Limited, as manager of the Funds;
New Units	new Units in the Schroder Tokyo Fund to be issued to Unitholders following implementation of the merger of the Schroder Japan Alpha Plus Fund under the Scheme, and "New Income Units" and "New Accumulation Units" shall be interpreted accordingly;
Retained Amount	a sum estimated by the Manager after consultation with the Trustee, to be necessary to meet all the actual and contingent liabilities of the Schroder Japan Alpha Plus Fund and which is to be retained by the Trustee as attributable to the Schroder Japan Alpha Plus Fund for the purpose of discharging such liabilities;
Scheme or Scheme of Arrangement	the scheme of arrangement for the merger of the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund as described in Appendix 3 to this document;
Schroder Japan Alpha Plus Fund Value	the value of the property of the Schroder Japan Alpha Plus Fund (excluding the income and the Retained Amount) calculated [on a mid-market basis, in accordance with COLL and the Trust Deed as at 12:00 noon on the Effective Date];
Schroder Tokyo Fund Value	the value of the property of the Schroder Tokyo Fund calculated on a mid-market basis, in accordance with COLL and the Trust Deed as at 12:00 noon on the Effective Date;
Trustee	J.P. Morgan Europe Limited, as trustee of the Funds;
Unit	a unit in the Schroder Japan Alpha Plus Fund; and
Unitholder	a holder of Units in the Schroder Japan Alpha Plus Fund.

## Expected timetable for the proposed changes

### Expected timetable for the proposed merger

Despatch circular to Unitholders	17 December 2015
Last day which valid instructions to buy Units in Schroder Japan Alpha Plus Fund may be received	12:00 noon on 17 December 2015
Last date and time for receipt of forms of proxy	9:00 a.m. on 20 January 2016
Meeting of Unitholders	9:00 a.m. on 22 January 2016

### If the Extraordinary Resolution is passed

Last day which valid instruction to sell Units in the Schroder Japan Alpha Plus Fund may be received	by 12:00 noon on 22 January 2016
Last dealing of Units in the Schroder Japan Alpha Plus Fund	by 12:00 noon on 22 January 2016
Valuation of the assets of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund	12:00 noon on 29 January 2016
Effective Date and time of merger	<b>12:01 p.m. on 29 January 2016</b>
First dealing of New Units in the Schroder Tokyo Fund	1 February 2016

## Schroder Unit Trusts Limited

Registered No. 04191730

31 Gresham Street

London

EC2V 7QA

Telephone: 0800 718 777

Fax: 0870 043 4080

Authorised and regulated by the Financial Conduct Authority (FCA).

17 December 2015

### **To the Unitholders of the Schroder Japan Alpha Plus Fund**

Dear Unitholder

#### **Proposed Scheme of Arrangement relating to the merger of the Schroder Japan Alpha Plus Fund with the Schroder Tokyo Fund**

We are writing to you as the Manager of the Schroder Japan Alpha Plus Fund to inform you of a proposal to merge the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund by way of a Scheme of Arrangement. You will have the opportunity to vote on the proposal.

This Letter explains the reason for, and the details of, the proposed Scheme of Arrangement. The Scheme of Arrangement requires the approval of an Extraordinary Resolution passed at an extraordinary general meeting of the Unitholders of the Schroder Japan Alpha Plus Fund to be held on 22 January 2016 at 31 Gresham Street, London, EC2V 7QA. If you are a Unitholder seven days before the date of this Notice you will be entitled to vote at this meeting either in person or by completing the enclosed form of proxy and posting it to Schroders, c/o Unit 4B, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD, whether or not you intend to be present at the meeting. Please consider the proposal carefully and return the enclosed form of proxy to us no later than 9:00 am on 20 January 2016.

A summary of the Scheme of Arrangement by which the merger will be effected is set out in Appendix 3 to this Letter. The notice convening the extraordinary general meeting of Unitholders in the Schroder Japan Alpha Plus Fund is set out in Appendix 5.

The costs of the Scheme of Arrangement (except as described in paragraph 6 below entitled “Costs and expenses”) will be borne by us and will not be charged to the Funds. Schroder Tokyo Fund will bear any costs incurred should there be a need to restructure its portfolio after the Scheme of Arrangement has been implemented.

## 1. Reasons for the Proposed Merger

The net asset value of the Schroder Japan Alpha Plus Fund has fallen to a level where it is no longer commercially viable, given the level of fixed costs payable out of its assets. Moreover, we think that it is unlikely that the net asset value of the Schroder Japan Alpha Plus Fund will in the foreseeable future increase to a size which makes it economic.

We have considered a number of options in respect of the Schroder Japan Alpha Plus Fund and we have concluded that the appropriate course of action is to propose a Scheme of Arrangement whereby Unitholders of the Schroder Japan Alpha Plus Fund will receive New Units in the Schroder Tokyo Fund, and Unitholders' existing holdings in the Schroder Japan Alpha Plus Fund will be cancelled.

We consider that the merging of the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund is in the interests of Unitholders of the Schroder Japan Alpha Plus Fund. The merger will provide Unitholders with the benefit of economies of scale brought about through the management of a larger pool of assets. In particular, we believe that the merger will lead to lower ongoing charges for Unitholders of the Schroder Japan Alpha Plus Fund. The net asset value of the combined portfolios will be approximately £2.1 billion.

The merging of the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund is appropriate given the two Funds have similar investment objectives and employ the same investment and borrowing powers. The Funds also have a comparable investment approach and follow bottom-up fundamental research driven investment principles. Each Fund invests exclusively in Japanese equities although Schroder Tokyo Fund has a more diversified portfolio compared to the Schroder Japan Alpha Plus Fund, which is managed in a concentrated manner. Schroder Japan Alpha Plus Fund has a bias towards medium to smaller Japanese companies where as Schroder Tokyo Fund has less bias in terms of company size. There

is reasonable commonality in the portfolio holdings of the Funds with approximately half of the Schroder Japan Alpha Plus Fund stocks being held by Schroder Tokyo Fund. Please see the Appendix 1 for direct Fund comparisons.

### Investment Objective and Policy

The investment objective and policy of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund are similar. A comparison of the investment objective and policy of the Funds and other relevant information, including each Fund's ongoing costs and cumulative performance over 1 year, 3 years and 5 years, can be found in Appendix 1. For full details of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund please refer to the intermediary fund range prospectus which is available at [www.schroders.com](http://www.schroders.com).

### Additional Information

Each Fund has A Income and A Accumulation, S Income and Z Income and Z Accumulation Units. The Funds do not charge an initial charge and the annual management charge for A, S and Z class Units is the same. Both Funds also have GBP Hedged A Income and A Accumulation and GBP Hedged Z Income and Z Accumulation Units. If the Scheme of Arrangement is approved Unitholders will receive New Units of the same class and type in the Schroder Tokyo Fund on the Effective Date as they currently hold in Schroder Japan Alpha Plus Fund.

## 2. Accounting dates and income allocation

Schroder Japan Alpha Plus Fund has different accounting and distribution dates to the Schroder Tokyo Fund. A comparison of the different dates is set out in Appendix 1. The annual accounting period of the Schroder Japan Alpha Plus Fund currently ends on 31 May in each year and the interim accounting period ends on 30 November. Schroder Tokyo Fund's annual accounting period ends on 28 February and the interim accounting period ends on 31 August.

In order to simplify the merger process, the current accounting period of Schroder Japan Alpha Plus Fund will end at 12:00 noon on the Effective Date and an additional distribution will take place. This means that any income from the end of the previous accounting period to the Effective Date will be transferred out prior to the merger taking effect. Income for this period will be allocated in respect of Income Units and distributed within two months of the Effective Date. For Accumulation Units, the income will be transferred to the capital account and reflected in the value of New Accumulation Units to be issued in the Schroder Tokyo Fund.

Any income paid to holders of both Income and Accumulation Units will be within the charge to UK taxation and as such will be subject to UK tax.

Following the merger, the Trustee shall proceed to wind-up the Schroder Japan Alpha Plus Fund in accordance with the terms of its Prospectus, the Trust Deed and COLL. Termination accounts will be available on request.

After the merger, the first accounting date in respect of the Schroder Tokyo Fund will be 28 February 2016 and the first report and accounts will be issued in May 2016.

### 3. Tax implications

#### Capital Gains Tax

Based on our understanding of current UK tax law applicable to UK resident tax payers and the tax clearance we have received from HM Revenue & Customs, the exchange of Units in the Schroder Japan Alpha Plus Fund for New Units in the Schroder Tokyo Fund will not constitute a disposal of Units for capital gains tax purposes. Instead, your New Units will be deemed to have been acquired on the date you acquired Units in the Schroder Japan Alpha Plus Fund for the same cost, and any tax you incur on the capital gains realised when you dispose of your New Units in the Schroder Tokyo Fund will be calculated on this basis.

If you are in any doubt about your tax position, or you are not a UK resident, you should consult a professional tax adviser.

#### Stamp Duty

It is our understanding that the proposed merger will not constitute an agreement to transfer any chargeable securities involved in the transaction, and therefore no charge to Stamp Duty or Stamp Duty Reserve Tax should arise.

**The above statements as to taxation are based on legislation and HM Revenue & Customs practice as known at the date of this Letter. Levels and bases of, and reliefs from, taxation may change. They summarise the position for UK-resident investors generally. They do not cover the tax position of non-UK-resident Unitholders, nor cover liability to overseas taxes, nor apply to dealers in securities. Tax reliefs referred to are those currently available and their value depends on the individual circumstances of the investor. We do not accept liability should the tax legislation or HM Revenue & Customs practice or its interpretation change at any time. If you are in any doubt about how your taxation position may be affected, you should consult your professional adviser.**

#### 4. Regular savers, mandates and other instructions

Any Unitholders who are regular savers into the Schroder Japan Alpha Plus Fund, or any other mandates or other instructions which you have given us in relation to your Units in the Schroder Japan Alpha Plus Fund will automatically apply to the New Units issued to you following the merger. If you do not want these mandates to be carried forward, please let us know before the Effective Date. You may, of course, change these mandates or instructions at any time.

#### 5. Issue of New Units under the merger

Under the proposal, Unitholders will receive the same type and class of Units in the Schroder Tokyo Fund as those they already hold in the Schroder Japan Alpha Plus Fund, as a result of the transfer of the assets from the Schroder Japan Alpha Plus Fund on the terms set out in the Scheme of Arrangement. In each case New Units issued on the merger will be denominated in pence.

## 6. Costs and expenses

The costs and expenses of the proposed Scheme of Arrangement will be paid by Schroder Unit Trusts Limited. These costs and expenses include the costs of preparing and implementing the merger, of convening and holding the Unitholder meeting and of winding-up the Schroder Japan Alpha Plus Fund if the proposed merger is approved. Schroder Unit Trusts Limited will not seek reimbursement of such amounts from the property of the Schroder Japan Alpha Plus Fund.

The audit fee which is incurred from the merger date to the completion of the winding-up of the Schroder Japan Alpha Plus Fund will be paid by the Schroder Japan Alpha Plus Fund.

Any costs incurred in respect of restructuring the portfolio of the Schroder Japan Alpha Plus Fund in preparation for the Scheme of Arrangement will be borne by Schroder Japan Alpha Plus Fund. We anticipate that these costs will not exceed 0.10 per cent. of the value of the Schroder Japan Alpha Plus Fund. Any costs incurred in respect of restructuring the portfolio of the Schroder Tokyo Fund after the Scheme of Arrangement has been implemented will be borne by the Schroder Tokyo Fund. We anticipate that these costs will not exceed 0.01 per cent. of the value of the Schroder Tokyo Fund.

## 7. Consents and approvals

Details of the various consents and clearances which we have given or have obtained and of the other documents available for inspection in connection with the merger proposal are set out in Appendix 4.

## 8. Your right to switch or to sell your Units

You are entitled to switch your Units for units in another Schroder unit trust or to sell your Units in the Schroder Japan Alpha Plus Fund (free of any charge) at any time before 22 January 2016. No further purchases can be made in to the Schroder Japan Alpha Plus Fund after 17 December 2015. A valid instruction to sell Units in the Schroder Japan Alpha Plus Fund will be binding if received

by 12:00 noon on 22 January 2016. Please note that a sale of Units on a non-ISA investment will be treated as a disposal for capital gains tax purposes. Information on switching or selling your Units can be found at [www.schroders.co.uk/switch](http://www.schroders.co.uk/switch) or by telephoning Schroder Investor Services on 0800 718 777.

Instructions to switch or to sell your Units must be given in writing to Schroder Investor Services at PO Box 1102, Chelmsford CM99 2XX or by telephoning 0800 718 777.

If the Extraordinary Resolution is approved, the Scheme of Arrangement will be implemented regardless of whether you voted for or against it, or voted at all. You are entitled to sell your New Units in the Schroder Tokyo Fund following the Effective Date. Please note that the selling of your New Units in the Schroder Tokyo Fund will also constitute a disposal for capital gains tax purposes.

## 9. Recommendation and action to be taken

We believe that the proposed merger of the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund is in the best interests of Unitholders and we recommend and urge you to vote in favour of the proposal. To be passed, the Extraordinary Resolution requires a majority in favour of not less than 75% of the total number of votes validly cast, so it is important that you exercise your right to vote.

Before you make your decision, we recommend that you read the rest of this proposal and, in particular, Appendix 1 as this contains important information about the differences between the Funds and how the merger (if effected) will impact you.

The results of the vote will be published on 22 January 2016 on our website at [www.schroders.co.uk/fund](http://www.schroders.co.uk/fund) changes.

If you are uncertain as to how to respond to this document, you should consult your professional adviser.

Whether or not you intend to be present at the meeting **please complete and return the enclosed form of proxy in the prepaid envelope provided to Schroders, c/o Unit 4B, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD. It must arrive on or before 9:00 a.m. on 20 January 2016.** Return of the form of proxy will not preclude you from attending the meeting and voting in person if you so wish. In these circumstances, your form of proxy will be set aside and you should, if you wish, cast your votes when the poll is taken.

Yours faithfully



Robin Stoakley

**Director**  
**Schroder Unit Trusts Limited**

# Appendix 1

## Comparison of the Schroder Japan Alpha Plus Fund and the Schroders Tokyo Fund

	Schroder Japan Alpha Plus Fund	Schroder Tokyo Fund
Type of fund	UCITS	UCITS
Structure	Authorised Unit Trust	Authorised Unit Trust
Date of inception	27 November 2000	2 February 1989
Fund size (As at December 2015)	£29 million	£2,139 million
Manager	Schroder Unit Trusts Limited	Schroder Unit Trusts Limited
Trustee	J.P. Morgan Europe Limited	J.P. Morgan Europe Limited
Fund Manager	Nathan Gibbs and Team	Andrew Rose and Team
Current Investment objective and policy	<p>The Fund's investment objective is to achieve total return through investment in Japanese and other companies.</p> <p>The emphasis of the Fund will be investment in Japanese companies. The Fund may also invest in companies headquartered or quoted outside Japan where those companies have material or critical operations within, or derive significant business from, Japan.</p> <p>Investment will be in directly held transferable securities. The Fund may also invest in collective investment schemes, warrants and money market instruments.</p>	<p>The Fund's investment objective is to achieve capital appreciation through participation in the growth of the Japanese economy.</p> <p>Investment will be based primarily on Japan's economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy.</p> <p>Investment will be in directly held transferable securities. The Fund may also invest in collective investment schemes, warrants and money market instruments.</p>
Key features of investment approach	Unconstrained, concentrated portfolio investing in Japanese companies focusing on mid and small cap stocks. Stock selection is based on bottom up evaluation.	Portfolio targeting capital appreciation through investment in stocks of Japanese companies with no systematic biases in terms of style or market capitalisation
Risks	See attached Key Investor Information Document	See attached Key Investor Information Document
Currency of denomination	GBP	GBP
Relevant Unit Class	A Accumulation and A Income S Income Z Accumulation and Z Income GBP Hedged A Accumulation and GBP Hedged A Income GBP Hedged Z Accumulation and GBP Hedged Z Income	A Accumulation and A Income S Income Z Accumulation and Z Income GBP Hedged A Accumulation and GBP Hedged A Income GBP Hedged Z Accumulation and GBP Hedged Z Income
Minimum Investment	A Units                    £1,000 (£50 per month for Regular Savers) S Units                    None Z Units                    £1 million	A Units                    £1,000 (£50 per month for Regular Savers) S Units                    None Z Units                    £1 million

# Appendix 1

Cont'd

	Schroder Japan Alpha Plus Fund		Schroder Tokyo Fund	
Minimum subsequent investment	A Units S Units Z Units	£500 None £100,000	A Units S Units Z Units	£500 None £100,000
Initial Charge	Nil		Nil	
Annual Management charge	A Units S Units Z Units	1.5% Up to 1% 0.75%	A Units S Units Z Units	1.5% Up to 1% 0.75%
Annual Management Charge charged to:	Income		Income	
Ongoing Charge (OGC) (Dated 30 November 2015 and 31 August 2015)	A Units Z Units	1.72% 0.97%	A Units Z Units	1.67% 0.91%
Annual Accounting Date	31 May		28 February	
Half-Yearly Accounting Date	30 November		31 August	
Income Allocation Dates	31 July		30 April	
Pricing structure	Dual priced		Dual priced	
Pricing frequency	Daily		Daily	
Valuation Point	12:00 noon		12:00 noon	
Distribution Yield	A Units S Units Z Units	0.00% 1.05% 0.70%	A Units S Units Z Units	0.08% 1.04% 0.70%
Benchmark	Bank of America Merrill Lynch Sterling Corporate and Collateralised Index		Bank of America Merrill Lynch Sterling Corporate and Collateralised Index	
Risk and Reward Indicator	6		6	
	Schroder Japan Alpha Plus Fund		Schroder Tokyo Fund	
Cumulative Performance (As at 30 October 2015, A Class units, net income reinvested)	1 year 3 years 5 years	8.5% 30.5% 19.5%	1 year 3 years 5 years	11.6% 48.7% 55.4%

# Appendix 2

## Procedure for unitholder meetings

### 1. Extraordinary Resolution of Unitholders

The notice convening the meeting of Unitholders of the Schroder Japan Alpha Plus Fund is set out in Appendix 5 of this document and sets out the Extraordinary Resolution to approve the merger. To be passed, the Extraordinary Resolution must receive the support of a majority of 75% or more of the total number of votes cast.

### 2. Quorum and Voting Requirements

The quorum for the meeting is two Unitholders present in person or by proxy.

If a quorum is not present within 15 minutes after the time appointed for the start of the meeting, the meeting will be adjourned to a date not less than seven days following the meeting. Notice will be given of the adjourned meeting and, at that meeting, two Unitholders present in person or by proxy are required to constitute a quorum. However, this may be reduced to one Unitholder if a quorum is not present after a reasonable time. In the event of an adjourned meeting and unless instructions are received, forms of proxy received in respect of the first meeting will remain valid for the adjourned meeting.

The resolution will be proposed as an extraordinary resolution and must therefore be carried by a majority in favour of not less than 75% of the total number of votes cast at the meeting. Persons who are Unitholders on the date seven days before the notice of the extraordinary general meeting is sent out, but excluding persons who are not Unitholders at the time of the relevant meeting, are entitled to vote. Once passed, the Extraordinary Resolution is binding on all Unitholders in the Schroder Japan Alpha Plus Fund.

In view of the importance of the proposals the chairman of the extraordinary general meeting will call for a poll to be taken in respect of the Extraordinary Resolution. On a poll, the voting rights for each Unit are the proportion of the voting rights attached to all of the Units in issue that the

price of the Unit bears to the aggregate price or prices of all of the Units in issue at the date seven days before the notice of the extraordinary general meeting was sent out. A Unitholder is entitled to more than one vote on a poll and need not, if he votes, use all his votes or cast all the votes he uses in the same way.

**In order to avoid an adjournment, please complete and sign the enclosed form of proxy and return it as soon as possible in the enclosed prepaid envelope. Forms of proxy should arrive at the offices of Schroders, c/o Unit 4B, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD, not later than 9.00 a.m. on 20 January 2016.**

Return of a form of proxy will not preclude a Unitholder from attending the extraordinary general meeting if entitled to do so, nor from voting in person.

### 3. Joint Holders

In the case of joint holders, the vote of the senior holder on the register who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names stand on the register of Unitholders.

### 4. The Manager

The Manager is entitled to attend the extraordinary general meeting but shall not be entitled to vote or be counted in a quorum at the meeting, nor any adjournment. If the registered holder of any Units is an associate of the Manager, that associate will only be entitled to exercise the voting rights in respect of those Units if the Units are held by it jointly with or on behalf of a person who, if he himself was a registered holder, would be entitled to vote, and from whom voting instructions have been received. Associates of the Manager holding Units are entitled to be counted in a quorum.

**5. Chairman**

The Trustee has nominated Paul Truscott or, failing him, Mike Champion, to be Chairman of the extraordinary general meeting and at any adjourned meeting. These nominees have indicated that, in view of the importance of the proposed Extraordinary Resolution, they will demand that a poll be taken.

The procedure for the meeting to approve the proposed changes, and details of the various consents and a list of the documents relating to the proposal which are available for inspection, are set out in Appendix 4.

# Appendix 3

## Scheme of Arrangement for the merger of the Schroder Japan Alpha Plus Fund with the Schroder Tokyo Fund

### 1. Definitions and interpretation

- 1.1 In this Scheme, unless the context otherwise requires, words and terms have the meanings set out in the Glossary of Terms at the beginning of this document.
- 1.2 In addition, where relevant in the context, terms which are defined in the FCA Rules shall have the same meaning in this Scheme.
- 1.3 References to paragraphs are to paragraphs of the Scheme.
- 1.4 If there is any conflict between the Scheme and the Trust Deed of the Schroder Japan Alpha Plus Fund, the Trust Deed will prevail. If there is any conflict between the Scheme and the FCA Rules, then the FCA Rules will prevail.

### 2. Approval of Unitholders

- 2.1 The merger of the Schroder Japan Alpha Plus Fund with the Schroder Tokyo Fund is conditional upon the passing of an Extraordinary Resolution at an extraordinary general meeting of Unitholders in the Schroder Japan Alpha Plus Fund, by which those Unitholders approve the Scheme and authorise the implementation of the merger of the Schroder Japan Alpha Plus Fund with the Schroder Tokyo Fund.
- 2.2 You will be notified of the result of the vote on the Extraordinary Resolution for the Schroder Japan Alpha Plus Fund. If approved, the Scheme will be binding on all Unitholders in the Schroder Japan Alpha Plus Fund, whether or not they vote in favour of it or vote at all, and the conversion will be implemented as set out in the following paragraphs.

### 3. Last dealings in the Schroder Japan Alpha Plus Fund

The last day on which valid instructions to buy Units in the Schroder Japan Alpha Plus Fund may be received

is 12:00 noon on 17 December 2015. The last day on which valid instructions to sell Units in the Schroder Japan Alpha Plus Fund may be received is 12:00 noon on 22 January 2016. Instructions received after that time will be held over until the first valuation point of the Schroder Tokyo Fund following the Scheme of Arrangement, which will be at 12:00 noon on 1 February 2016.

### 4. Income allocation arrangements

- 4.1 Any distributions in respect of the Schroder Japan Alpha Plus Fund which are unclaimed for a period of six years from the original date of payment (together with any interest arising on such distributions as it accrues) shall be transferred by the administrator of the Schroder Japan Alpha Plus Fund and become part of the capital property of the Schroder Tokyo Fund. The unclaimed distributions shall be held until the last distribution is claimed or until the expiry of six years from the original payment of the distributions, whichever is earlier.

### 5. Calculation of the value of the Funds

- 5.1 The value of the Schroder Japan Alpha Plus Fund shall be calculated on a mid-market basis as at 12:00 noon on the Effective Date less:
  - 5.1.1 income (if any) to be allocated to the Fund in respect of the current accounting period ending on the Effective Date; and
  - 5.1.2 the Retained Amount.
- 5.2 The value of the Schroder Tokyo Fund shall be the value of the income and capital property attributable to the Schroder Tokyo Fund calculated on a mid-market basis in accordance with COLL as at 12:00 noon on the Effective Date.

5.3 These valuations shall be used in the calculation of the number of New Units in the Schroder Tokyo Fund to be issued.

5.4 In the event that the value of the Schroder Japan Alpha Plus Fund and/or the Schroder Tokyo Fund move significantly between 12:00 noon on the Effective Date and the transfer of property and issue of New Units taking place (see paragraph 6 below) there will be a revaluation of the relevant fund(s).

## 6. Transfer of property and issue of New Units

As at and from 12:01 p.m. on the Effective Date:

6.1 The property of the Schroder Japan Alpha Plus Fund, less the Retained Amount and any income (the “**Transferred Property**”), will become the property of the Schroder Tokyo Fund in exchange and full payment for the issue of New Units. The Trustee will cease to hold the Transferred Property as attributable to the Schroder Japan Alpha Plus Fund and will, in its capacity as trustee of the Schroder Tokyo Fund, hold the Transferred Property as scheme property of the Schroder Tokyo Fund. The Trustee, in its capacity as trustee of the Schroder Japan Alpha Plus Fund, will make or ensure the making of any transfers or re-designations which may be necessary as a result of its ceasing to hold the Transferred Property as the Trustee of the Schroder Japan Alpha Plus Fund.

6.2 The Manager in its capacity as the manager of the Schroder Tokyo will issue New Units in the Schroder Tokyo Fund of the equivalent class and type to Unitholders who are registered on the Effective Date as holding such Units in the Schroder Japan Alpha Plus Fund on the basis set out in paragraph 7. Unitholders holding Income Units will receive New Income Units of the same class (i.e. A, S or Z class and the respective hedged classes) and Unitholders holding Accumulation Units will receive New Accumulation Units of the same class under the Scheme.

6.3 All Units in the Schroder Japan Alpha Plus Fund will be deemed to be cancelled and will cease to be of any value as at 12.02 p.m. on the Effective Date.

6.4 Unitholders will be treated as exchanging their Units for New Units.

## 7. Basis for the issue of New Units

7.1 New Units (including fractions of Units) of the equivalent class and type will be issued to each Unitholder invested in the Schroder Japan Alpha Plus Fund in proportion to that Unitholder’s individual entitlement to the Schroder Japan Alpha Plus Fund Value on the basis set out below.

7.2 The price of each New Unit to be issued in the Schroder Tokyo Fund shall be the Schroder Tokyo Fund Value, divided by the number of undivided units represented by units in issue in the Schroder Tokyo Fund (not including the New Units to be issued under the Scheme) and multiplied by the number of undivided units (including any fraction) represented by one unit of the Schroder Tokyo Fund as at 12:00 noon on the Effective Date.

7.3 New Units of the equivalent class and type as those held by Unitholders of the Schroder Japan Alpha Plus Fund on the Effective Date shall be created and issued in the Schroder Tokyo Fund to the value of the Schroder Japan Alpha Plus Fund Value, in proportion to the number of undivided units in the property of the Schroder Japan Alpha Plus Fund in issue at 12:00 noon on the Effective Date. New Units (including fractions of units) issued in the Schroder Tokyo Fund shall be allocated among the Schroder Tokyo Fund unitholders in proportion to the number of undivided units in the property of the Schroder Tokyo Fund represented by the respective units in the Schroder Tokyo Fund held or deemed to be held by them at 12:01 p.m. on the Effective Date provided that the number of New Units to be issued to any Unitholder shall be rounded up to the nearest fraction at the expense of Schroder Unit Trusts Limited.

7.4 For the purposes of income equalisation, the value of New Units may contain an element of income, which represents the value of accrued income at the time of purchase for the relevant accounting period. On the first income allocation following the issue of the New Units, Unitholders will receive as part of their income allocation a capital sum representing that part of the value of the New Units, which represents the value of such accrued income.

## 8. Notification of the New Units issued under the Scheme

- 8.1 It is intended that Schroder Unit Trusts Limited, as the manager of the Schroder Tokyo Fund, will notify each Unitholder who has participated in the merger of the number and class of New Units issued under the Scheme. This notification will be dispatched by the close of business within 14 days after the Effective Date by first class post to the Unitholder's address appearing in the register of unitholders of the Schroder Tokyo Fund as at the Effective Date. Upon despatch of such notifications, any documentation confirming ownership of Units in the Schroder Japan Alpha Plus Fund will cease to be valid. No certificates will be issued in respect of New Units.
- 8.2 Transfers or redemptions of New Units issued under the Scheme may be effected from the next business day after the Effective Date by telephoning Schroder Unit Trusts Limited on 0800 718 777. Written transfer and redemption requests in respect of New Units can be made in writing to Schroder Unit Trusts Limited at PO Box 1102, Chelmsford, CM99 2XX.

## 9. Mandates and other instructions in respect of New Units

Mandates and other instructions to the Manager of the Schroder Japan Alpha Plus Fund in force on the Effective Date in respect of Units will be deemed to be effective in respect of New Units issued under the Scheme and in respect of other later acquired New Units, if relevant. These mandates or instructions may be changed at any time.

## 10. Termination of the Fund

- 10.1 If the Scheme is approved by Unitholders, the Schroder Japan Alpha Plus Fund will, following the merger, be terminated in accordance with the FCA Rules.
- 10.2 The Retained Amount (which will be made up of cash and other assets, if necessary) and any income arising on it will be used by the Trustee to pay any outstanding liabilities of the Schroder Japan Alpha Plus Fund in accordance with the directions and instructions of the Manager, the provisions of the Trust Deed and the FCA Rules. In providing such directions

and/or instructions to the Trustee, the Manager, as manager of the Schroder Japan Alpha Plus Fund, shall be responsible for ensuring that such directions and/or instructions comply at all times with the provisions of the Trust Deed and the FCA Rules.

- 10.3 If, on the completion of the termination of the Schroder Japan Alpha Plus Fund, there are any surplus moneys remaining in the Schroder Japan Alpha Plus Fund, the money, together with any income arising therefrom, shall be transferred to the Schroder Tokyo Fund. No further issue of New Units will be made as a result.
- 10.4 If the Retained Amount is insufficient to discharge all the liabilities of the Schroder Japan Alpha Plus Fund, the Trustee, in its capacity as trustee of the Schroder Tokyo Fund, will pay the amount of the shortfall out of the scheme property of the Schroder Tokyo Fund in accordance with the directions and/or instructions of the Manager with the agreement of the Trustee (in its capacity as trustee of the Schroder Tokyo Fund) and the FCA Rules, but otherwise such shortfall shall be discharged by the Manager.
- 10.5 On completion of the termination of the Schroder Japan Alpha Plus Fund, the Trustee (in its capacity as trustee of the Schroder Japan Alpha Plus Fund) will be discharged from all its obligations and liabilities in respect of the Schroder Japan Alpha Plus Fund, except those arising from a breach of duty before that time.

## 11. Costs, charges and expenses

- 11.1 The Trustee (in its capacity as trustee of the Schroder Japan Alpha Plus Fund) and the Manager will continue to receive their usual fees and expenses for being the trustee and the manager respectively of the Schroder Japan Alpha Plus Fund out of the property of the Schroder Japan Alpha Plus Fund which accrue prior to, or, in the case of the Trustee, after, the Effective Date.
- 11.2 The costs of preparing and implementing the merger under the Scheme, including:
- (a) the costs of convening and holding the extraordinary general meeting of Unitholders (and any adjourned meeting);
  - (b) any re-designation and registration fees;

- (c) taxes and duties (if any) on the transfer or re-designation of the Transferred Property;
- (d) the costs of termination of the Schroder Japan Alpha Plus Fund; and
- (e) the professional adviser's fees and expenses (including those of the Trustee) payable in connection with the merger and the Scheme, will be paid by Schroder Unit Trusts Limited, not by Unitholders.

11.3 The Scheme of Arrangement will not result in prejudice to Unitholders in the Schroder Japan Alpha Plus Fund; it is consistent with the existing objectives of the Fund and can be made effective without breaching the investment and borrowing limits in line with COLL 7.6.2R6.

## **12. Register of Unitholders**

12.1 The Manager and the Trustee (in their respective capacities as manager and trustee of the Schroder Japan Alpha Plus Fund) shall be entitled to assume that all information contained in the register of Unitholders of the Schroder Japan Alpha Plus Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Units to be issued and registered pursuant to the Scheme.

12.2 The Manager and the Trustee (in their respective capacities as manager and trustee of the Schroder Japan Alpha Plus Fund) may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of the Schroder Japan Alpha Plus Fund in connection with the Scheme and shall not be liable or responsible for any resulting loss.

## **13. Alterations to the Scheme**

13.1 The Manager, with the agreement of the Trustee (in its capacity as trustee of the Schroder Japan Alpha Plus Fund), may determine (in particular, in the event of an adjournment to the meeting of Unitholders to consider and vote on the Extraordinary Resolution) that the Effective Date of the merger is to be other than as set out in this document, in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as the Manager considers appropriate.

13.2 The terms of the Scheme may be amended as determined by the Manager of the Schroder Japan Alpha Plus Fund and the Trustee (in its capacity as trustee of the Schroder Japan Alpha Plus Fund).

## **14. Governing law**

The Scheme is governed by and shall be construed in accordance with the laws of England and Wales.

Dated: 17 December 2015

# Appendix 4

## Consents and Clearances

### 1. Trustee

J.P. Morgan Europe Limited, as trustee of the Schroder Japan Alpha Plus Fund and the Schroder Tokyo Fund, whilst expressing no opinion on the merits or demerits of the proposal, has informed us by letter that it considers that the Scheme of Arrangement is in a form suitable to be placed before Unitholders for their consideration and that if the Scheme is implemented it is not likely to result in any material prejudice to the unitholders in the Schroder Japan Alpha Plus Fund or the Schroder Tokyo Fund. It consents to the references made to it in this document in the form and context in which they appear. The confirmation is not a recommendation to vote for or against the Extraordinary Resolution, which is a matter for each Unitholder's judgement.

### 2. Manager

The Manager confirms that in its opinion, if the Scheme is implemented it is not likely to result in any material prejudice to the Unitholders in the Schroder Japan Alpha Plus Fund or the Schroder Tokyo Fund. In particular, the Manager confirms, and has confirmed to the Trustee in writing that, in its opinion, the receipt of property under the Scheme by the Schroder Tokyo Fund is not likely to result in any material prejudice to the interests of Unitholders, is consistent with the investment objectives and can be effected without any breach of Chapter 5 of the COLL Sourcebook.

### 3. The Financial Conduct Authority

The FCA has been notified of the proposed Scheme of Arrangement and has approved the proposal for the purpose of section 251(4)(a) of the Financial Services and Markets Act 2000.

### 4. HM Revenue & Customs

HM Revenue & Customs has confirmed that section 137 of the Taxation of Chargeable Gains Act 1992 should not apply to the merger under the Scheme of Arrangement

and consequently section 136 of that Act may apply.

Accordingly, the merger of the Schroder Japan Alpha Plus Fund into the Schroder Tokyo Fund will not involve a disposal of Units in the Schroder Japan Alpha Plus Fund for the purposes of taxation of capital gains. The New Units in the Schroder Tokyo Fund will be deemed to have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Unitholder who has been allocated New Units by way of the merger as their existing Units in the Schroder Japan Alpha Plus Fund.

### 5. Documents available for inspection

Copies of the following documents are available for inspection at our offices at 31 Gresham Street, London EC2V 7QA during normal business hours on weekdays (excluding bank holidays) until the date of the extraordinary general meeting or of any adjournment thereof:

- (a) the trust deed and supplemental trust deed for each Fund;
- (b) the key investor information document for each Unit class of each Fund;
- (c) the latest interim and annual short report and accounts for each Fund;
- (d) the current Prospectus;
- (e) the letter from HM Revenue & Customs referred to under "3. HM Revenue & Customs" above;
- (f) the letter from the FCA referred to under "2. The Financial Conduct Authority" above;
- (g) the letter from the Trustee to us consenting to the inclusion in this Letter and the Scheme of Arrangement of references to the Trustee referred to under "1. Trustee" above; and
- (h) Chapter 7 of COLL which is referred to in the Scheme of Arrangement.

## Appendix 5

### Notice of Meeting of Unitholders Schroder Japan Alpha Plus Fund

**NOTICE IS HEREBY GIVEN** that a meeting of the Unitholders in Schroder Japan Alpha Plus Fund will be held at 31 Gresham Street, London, EC2V 7QA on 22 January 2016 at 9:00 a.m. to consider and, if thought fit, to pass the following resolution which will be proposed as an Extraordinary Resolution:

#### Extraordinary Resolution

**THAT** the Scheme of Arrangement (the “Scheme”) of the Schroder Japan Alpha Plus Fund (the “Fund”), an authorised unit trust scheme, and relating to the merger of the Fund into the Schroder Tokyo Fund as set out in Appendix 3 to the document dated 17 December 2015 from Schroder Unit Trusts Limited to the holders of Units in the Fund be and is hereby approved; and adopted and accordingly that subject to the satisfaction of all of the consents set out in paragraph 7 of the Letter, Schroder Unit Trusts Limited, as the Manager of the Fund, and J.P. Morgan Europe Limited, as Trustee of the Fund are hereby instructed to implement and give effect to the Scheme in accordance with its terms.



Robin Stoakley, Director  
Schroder Unit Trusts Limited, 31 Gresham Street  
London EC2V 7QA

17 December 2015

#### Notes

1. A Unitholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not also be a Unitholder.
2. To be valid, a form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy thereof) must be lodged with Schroders, c/o Unit 4B, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD, no later than 9.00 a.m. on 20 January 2016. A form of proxy is enclosed.
3. The quorum for the meeting is two Unitholders present in person or by proxy. The Manager may not vote or be counted in the quorum except in any case where the Manager holds Units on behalf of or jointly with a person who, if himself the sole registered Unitholder, would be entitled to vote, and from whom the Manager has received voting instructions.
4. To be passed, an Extraordinary Resolution must be carried by a majority in favour of not less than 75% of the total number of votes validly cast at the meeting.
5. At the meeting the vote will be taken by poll. On a poll, the voting rights for each Unit are the proportion of the voting rights attached to all of the Units in issue that the price of the Unit bears to the aggregate price or prices of all of the Units in issue at the date seven days before the notice of the meeting was sent out. A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all votes he uses in the same way.





**Schroders**