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29 March 2011

Dear «Unitholder name»

Account number: <unitholder id>

Proposed Fund merger: Schroder Pacific Fund with Schroder Asian Alpha Plus Fund

I am writing to you on behalf of Schroder Unit Trusts Limited regarding a proposed merger of the Schroder Pacific Fund, in which you are invested, with the Schroder Asian Alpha Plus Fund. We have provided an outline of the merger proposal below and further details can be found in the enclosed circular.

Before the merger can take place it is necessary to undertake a formal legal process to obtain investor approval. The circular provides you with full details of the proposed merger including a timetable, an explanation of the differences between your current fund and the Schroder Asian Alpha Plus Fund and details of the unitholder meeting at which you will have an opportunity to vote on the merger proposal. Please note that the Notice of Meeting of unitholders can be found on page 20 of the circular.

Why are we merging these two funds?

Following a review of our product range we have decided that we no longer require both these funds, since their investment objectives and investment universes are similar.

We are proposing to merge the fund into the Schroder Asian Alpha Plus Fund because Schroder Asian Alpha Plus has had significantly better performance than the fund over 1 and 3 year periods (5 year performance is unavailable for the Schroder Asian Alpha Plus Fund). It also has wider investment powers and scope than the Schroder Pacific Fund.

What are the differences between the two funds?

The differences between the two funds are set out in Appendix 1, however I would draw your attention to these main points:

- the Schroder Asian Alpha Plus Fund has a higher performance target than the Fund and therefore is higher risk;
- the Schroder Asian Alpha Plus Fund has been set up as a NURS (Non-UCITS Retail Scheme) fund whilst the Schroder Pacific Fund is a UCITS (Undertakings for Collective Investment in Transferable Securities) fund. This provides the fund with more investment flexibility, for example the ability to invest in unregulated funds such as hedge funds, private equity funds and unlisted securities. For more information on this please see section 3;
- the Schroder Asian Alpha Plus Fund concentrates its investment in a smaller number of holdings than the Fund;
- the Schroder Asian Alpha Plus Fund also concentrates its investment geographically. While both funds invest in Asia, your Fund could also invest in Pacific Rim countries such as Australia and New Zealand.

Please refer to the comparison table in Appendix 1 of the circular for the profile of a typical investor in each fund, as well as the specific risk warnings in the full prospectuses and the simplified prospectus.

If I don't want to invest in the Schroder Asian Alpha Plus Fund what are my options?

You are entitled to switch your units in the Schroder Pacific Fund for units in another Schroder unit trust (free of any initial charge) at any time before 13 May 2011 (save for when dealings in the fund are suspended from 12:00 noon on 12 May 2011). Please note, however, that a switch of units to another Schroder unit trust will be treated as a disposal for capital gains tax purposes. Details of our range of unit trusts are set out in the prospectuses which are available at www.schroders.com/uk or on request by telephoning 0800 718 777.

If the merger is approved at the meeting of unitholders, the merger will be implemented regardless of whether you voted for or against it, or voted at all. You are entitled to exit the Schroder Asian Alpha Plus Fund following the effective date of the merger, which is 13 May 2011. It is Schroders' current policy not to charge a fee to investors for exiting any of its authorised unit trusts. Please note, however, that redeeming your Units will constitute a disposal for capital gains tax purposes.

Are there any costs involved?

All costs and expenses relating to the proposal described in this document, apart from the cost of realigning the fund portfolio prior to the merger, will be paid by Schroders.

The cost of realigning the fund portfolio will be paid for by the fund and is not expected to exceed 0.30% of the size of the fund at the time of the merger, which will represent approximately £354,000. Any costs in excess of this amount will be paid by Schroders.

Are there any tax implications?

Based on our understanding of current UK tax law, there are no capital gains tax implications related to the fund merger.

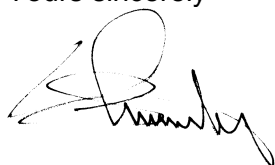
How can I vote?

The merger requires the passing of an Extraordinary Resolution by unitholders of your fund at a meeting to be held at 31 Gresham Street, London, EC2V 7QA on 28 April 2011 at 9.00 a.m., at which you are entitled to vote. You may vote at the meeting either in person or by completing the enclosed form of proxy and posting it to Schroder Administration Centre, IOS Vote Administration, 15 Rolling Mill Road, Jarrow NE32 3DE, whether or not you intend to be present at the meeting.

Please return the enclosed form of proxy to arrive no later than 9:00 a.m. on 26 April 2011, using the prepaid envelope provided.

The merger proposal has been carefully considered and, in our opinion, is in the best interests of unitholders. If you have any questions or concerns about the proposals, please call your financial adviser. If you do not have a financial adviser you can find one in your area by visiting www.unbiased.co.uk or call a member of our Investor Services Team on 0800 718 777. Please be aware that Schroders does not offer investment advice.

Yours sincerely



Robin Stoakley
Director
Schroder Unit Trusts Limited