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#### Item 1: Cover Page

- Schroder Investment Management (Japan) Limited. (the “Adviser”) is the Japanese affiliate of Schroders plc., a global asset management company. The Adviser is seeking registration with the Securities and Exchange Commission (the “Commission”) as an investment adviser. This brochure provides information about the products and services that the Adviser provides. It also contains a description of the Adviser’s business practices and highlights risks and conflicts that might arise. Supplementary brochures are available that describe the qualifications of the investment personnel in more detail for specific investment strategies.
- The information presented in this brochure was prepared by the Adviser, which is solely responsible for the content. Neither the Commission nor any State securities regulator has approved or verified the information contained in this brochure, and the mere fact of registration with the Commission in no way implies that the adviser has any particular level of skill or training to carry out its business.
- If you have any questions about the content of this brochure, please contact us at the telephone number or e-mail address provided above. For specific questions about particular advisory services or products described in this brochure, you can find additional contact information at this worldwide website: <https://www.schroders.com/ja-jp/jp/asset-management/about-schroders/schroders-japan/>.
- **Additional information about Schroder Investment Management (Japan) Limited is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

#### Item 2: Statement of Material Changes

This brochure is the first version of the Firm’s Advisory Brochure.

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## Item 4: Advisory Business

- The Adviser is an affiliate of Schroders plc., a London Stock Exchange-listed financial services company. The Adviser is indirectly owned in its entirety by that public company. Trustees of certain settlements made by members of the Schroder family hold in excess of 25% of the voting shares of Schroders plc. Schroders has been in business since 1804. The Adviser registered with the Securities and Exchange Commission in 2020.
- The Adviser manages assets for domestic and foreign clients in strategies focusing on Japanese equity. Those strategies are:
  - Japanese Equity All Cap
  - Japanese Equity Small Cap
  - Japanese Equity Micro Cap
  - Japan REIT
- The Adviser also markets strategies focusing on non-Japan equity and fixed income securities as well as multi asset, quantitative and alternative strategies. These strategies are not offered to US persons.
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- The Adviser primarily manages separate accounts on a discretionary basis for institutions, pension funds, government retirement plans, insurance companies and, as sub-adviser, to registered investment companies sponsored by other advisers. The specific guidelines for these types of accounts are generally the subject of negotiation with clients. Clients may provide restrictions that differ from the Adviser's usual style of managing for a particular strategy.
- The table below shows the assets under management. The top line shows the total assets under management and the second line shows the total assets under management for United States persons. .

As of December 31, 2020	Assets	# of Accts
	\$ USD	
Managed By the Advisor	\$25,525,046,052	126
Managed for US Persons	0	0
<b>Total SIM Japan</b>	<b>\$25,525,046,052 USD</b>	<b>126</b>

## Item 5: Fees and Compensation

The Adviser generally offers investment advisory services on a discretionary basis for institutions and pooled vehicles. It occasionally offers services on a non-discretionary advisory basis for certain clients.

The prospectus of each registered fund advised or sub-advised by the Adviser sets forth the applicable fees and expenses. With respect to unregistered private funds managed by the Adviser, the applicable fees and expenses are set forth in the relevant offering or governing documents, or in certain cases, in a separate fee agreement between the Adviser and an investor in a private fund.

The strategies available to U.S. clients and the current standard fee structures for separate accounts are as follows:

### **JAPANESE EQUITIES**

#### **Japanese Equity Core**

Separate Account

Management fee – 0.65% on first \$50 million, 0.60% on next \$100 million and 0.50% thereafter

Minimum account size: \$50 million

#### **Japanese Equity Specialist**

Separate Account

Management fee – 0.75% on first \$50million, 0.70% on next \$100 million and 0.60% thereafter

Minimum account size: \$50 million

#### **Japanese Equity Small Cap**

Separate Account

Management fee – 0.85% on first \$50million, 0.80% on next \$100 million and 0.70% thereafter

Minimum account size: \$50 million

#### **Japanese Equity Micro Cap**

Separate Account

Management fee – 0.85% on first \$50million, 0.80% on next \$100 million and 0.70% thereafter

Minimum account size: \$50 million

The Adviser sometimes negotiates and agrees to fees on a different basis where the circumstances warrant it. The Adviser sometimes agrees to a lower fee, for example, where the amounts managed significantly exceed the minimum investment or where the client has multiple existing accounts. Fee proposals made by the Adviser in connection with Request for Proposals (“RFPs”) sometimes vary from the published fee schedule. Some clients have fees based on a different fee schedule which was in effect at the time agreements were originally executed. Fees sometimes are higher for clients who seek specialized mandates that vary significantly from the standard strategies managed for other clients. The Adviser may waive the minimum account size.

The Adviser collects fees paid by clients for which the Adviser is providing portfolio management services. For separate accounts and for investments in funds that do not have fund-level advisory fees, clients may select to have the Adviser bill the client for fees incurred, or the client may instead agree to instruct its custodian to deduct advisory fees directly from the client’s account.

Advisory clients incur other expenses apart from the advisory fee. These expenses typically include custody fees, brokerage commissions, taxes and other transaction fees. Funds and partnerships will have other expenses that include but are not limited to legal and accounting fees. Fund and partnership fees are shared by all participants in the vehicle.

The Adviser may also use non-affiliated money market funds as temporary investment vehicles for certain of its advisory accounts. Investing in money market funds for client accounts will incur a separate advisory fee paid to the manager of the money market fund. The client is responsible for that fee unless otherwise agreed or prohibited by law.

Neither the Adviser nor any of its employees accept compensation for the sale of securities or other investment services or products from third parties such as issuers or intermediaries. Please review Item 12 for disclosures about our brokerage practices and research provided by brokers.

## Item 6: Performance-based fees and Side-by-Side Management

- The Adviser sometimes enters into agreements for performance-based fee with qualified clients. Some private funds also have fees calculated in part on performance.
- There are instances in which a fund manager is managing accounts in the same strategy that have differences in the fee paid by different accounts. This would include the management “side-by-side” of accounts with performance based and non-performance based fee. Managers have a potential conflict of interest arising from the fee difference among accounts, including the possible incentive to favor accounts for which the Adviser receives performance based fee. Performance based fee arrangements may provide more of an incentive than asset based only fee arrangement for fund managers to make investments that may present a greater potential return but also present a greater risk of loss. Side-by-side management of accounts with different fee structures may also create an incentive for fund managers to allocate scarce investment opportunities to accounts that pay higher fees and those that pay performance based fees. To address these types of conflicts, the Adviser has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements, and investment opportunities are allocated in a manner that the Adviser believes is consistent with its fiduciary obligations to each client.
- Accounts in the same strategy are included in a single composite for the purposes of performance presentations for that strategy. Trades for accounts in the same strategy are generally carried out as aggregated trades. In such trades, each account gets an average price and shares pro rata in the transaction cost. Where trades are done in the aggregate, a fund manager cannot favor one account over the other. In addition, a performance committee consisting of investment and compliance staff oversees these composites including a review of any account that is an “outlier.” An outlier would be any account that deviated significantly from the performance of the composite as a whole. Fund managers are required to explain whenever account performance is significantly different than composite results. The Adviser believes that the outlier review would identify accounts that needed further analysis if a manager unduly favored one account in the same strategy.

## Item 7: Types of Clients

The Adviser provides investment management services predominantly to institutions, endowments, foundations, pension funds, government retirement plans, and insurance companies and, as sub-adviser, to registered pooled investment vehicles sponsored by other advisers. These clients and prospects are usually sophisticated investors.

- The Adviser also manages mutual funds open to Japanese retail investors but the Adviser almost exclusively markets to funds distributors, institutional clients and fund of funds products, who may have direct investments in the funds.
- The Adviser manages Japanese private institutional vehicles and solicits those only on a private placement basis. In order to invest in private vehicles, prospective clients generally must be “qualified institutional investors” as defined under Japanese Financial Instruments and Exchange Act.
- The Adviser reserves the right not to enter into an advisory agreement with any person or institution for any legally acceptable reason.

## EQUITIES

### 1. Japanese Equity Strategies

- The Japanese Equity investment strategies use a bottom-up, fundamental and research based approach. Ken Maeda, Head of Japanese Equities, and the team of five fund managers including Ken, eight sector analysts, and three small cap specialists work to identify companies with long term earnings growth prospects and attractive or reasonable valuation levels. Comprehensive and detailed research is the key driver of our process and our fundamental research activities center in meeting with company management and seeking information advantage. The team manages several strategies including Core, other specialists strategies, and Small cap/Micro cap, and the portfolios in each strategies are actively managed by responsible fund managers. Each strategies have slightly different portfolio characteristics, but share the consistent investment philosophy and common features focusing on companies' long term value which is also assessed through ESG (Environment, Social, and Governance) factors. Our disciplined portfolio management including risk control is also embeded in all strategies the team manages, which we believe benefits achieving superior risk adjusted returns for clients.

#### Risks

- All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, volatile political conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investments in small and medium capitalization companies generally carry a greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies, and less liquidity. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Trading in Japanese Equities involves certain risks and special consideration not usually associated with investing in securities of established U.S. companies, including risks related to the nature of the market for Japanese equities, including the risk that the Japanese markets may be affected by market developments in different ways than U.S. securities markets and may be more volatile than U.S. securities markets.

## General Risks

**Cyber Security Risk.** With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

**Derivatives Risk.** Certain strategies may use derivatives. Derivatives, including forward currency contracts, futures, options and commodity-linked derivatives and swaps, may be riskier than other types of investments because they may be

more sensitive to changes in economic and market conditions, and could result in losses that significantly exceed the account's original investment. Many derivatives create leverage thereby causing the account to be more volatile than it would have been if it had not been exposed to such derivatives. Derivatives also expose the account to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including the credit risk of the derivative counterparty. Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, the account does not have a claim on the reference assets and is subject to enhanced counterparty risk. Derivatives may not perform as expected, so the account may not realize the intended benefits. When used for hedging, the change in value of a derivative may not correlate as expected with the security being hedged. In addition, given their complexity, derivatives expose the Fund to risks of mispricing or improper valuation.

**Foreign Corrupt Practices Act ("FCPA") Risks.** Economic sanction laws in the United States and other jurisdictions may significantly restrict or completely prohibit the Adviser from transacting with certain countries, individuals and companies, including among other things, transactions with, and the provision of services to certain foreign countries, territories, entities and individuals.

**Foreign Sanctions Risks.** In the event that the Adviser determines that an investor is subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, the Adviser may take such actions as it determines appropriate to comply with applicable law, including: blocking or freezing accounts or interests therein; where permitted by the applicable sanctions law, requiring an investor in a pooled investment vehicle to redeem from the fund, and delaying the payment of any redemption proceeds, without interest, until such time as such payment is permitted under applicable law; excluding an investor in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other investors; excluding an investor in a pooled investment vehicle from voting on any matter upon which investors are entitled to vote, and excluding the net asset value of such investor's interest in the fund for purposes of determining the investors entitled to vote on or required to take any action in respect of the fund.

**Foreign Securities and Emerging Markets Risk.** Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, civil conflicts and war, greater volatility, currency fluctuations, higher transactions costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, liquidity risks, and less stringent investor protection and disclosure standards of foreign markets. In certain markets where securities and other instruments are not traded "delivery versus payment," the account may not receive timely payment for securities or other instruments it has delivered and may be subject to increased risk that the counterparty will fail to make payments when due or default completely. Events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in emerging markets. These countries may have relatively unstable governments and less established market economies than developed countries. Emerging markets may face greater social, economic, regulatory and political uncertainties. These risks make emerging market securities more volatile and less liquid than securities issued in more developed countries.

**Regulation Risks.** Laws and regulations affecting our business change from time to time. We cannot predict the effects, if any, of future legal and regulatory changes on our business or the services we provide.



## Item 9: Disciplinary Information

- There have been no disciplinary actions against the Adviser, its officers or directors.

## Item 10: Other Financial Industry Activities and Affiliations

- The Adviser maintains significant relationships relating to its advisory business with affiliated companies.
- The Adviser has delegated some infrastructure functions (e.g. some part of Operations, Operational Risk Management and Portfolio Compliance) to SCHRODER INVESTMENT MANAGEMENT (SINGAPORE) LTD (hereinafter called “SIMSG”). SIMSG is a Singapore-based investment manager regulated by the Monetary Authority of Singapore and not registered with the SEC. (However, certain SIMSG personnel are associated with and designated as “access persons” of Schroder Investment Management North America Ltd, which is registered as an investment adviser with the SEC.) It provides risk management, finance, clearance and settlement and IT system support for the Adviser.
- The Adviser sometimes purchases for certain accounts shares of funds for which the Adviser serves as the investment manager. The Adviser will not assess its advisory fee on the portion of an account that is invested in such funds to avoid potential conflict of interests.
- Private investment funds organized by the Adviser invest in the same securities as those invested in behalf of other clients, including Japanese private investment funds. The private investment funds’ trading methodologies are generally different than that of other accounts. At times, the private investment funds may be selling short securities held long in other portfolios. The Adviser is aware of potential conflicts of interest created in part by the compensation structure of the funds. It has instituted procedures to assure that transactions effected on behalf of the private funds do not adversely impact other clients.

## Item 11: Code of Ethics, Insider Trading Policy, Participation in Client Transactions and Personal Trading

- The Adviser has adopted a Code of Ethics that sets forth the standards of business conduct that it requires of all its supervised persons. The Code of Ethics addresses the Adviser's and its access persons' fiduciary obligations to its clients. The Code also addresses confidentiality of client information and includes the Adviser's Insider Trading Policy and its Policy on Personal Securities Transactions, discussed in further detail below. The Code of Ethics also requires all supervised persons to comply with the federal securities laws and to inform the Chief Compliance Officer of suspected violations of the Code. Clients or prospective clients who wish to request a copy of the Code of Ethics may do so by contacting the Chief Compliance Officer at Schroder Investment Management (Japan) Limited, Tokyo Japan.
- The Adviser's officers, directors and employees may, from time to time, buy or sell for themselves securities that the Adviser also buys or sells on behalf of clients. The Adviser imposes restrictions on such transactions in accordance with applicable law and regulations. All directors, officers, employees and supervised persons of the Adviser are subject to the provisions of a Code of Ethics regarding personal securities transactions and an Insider Trading Policy. These policies are designed to prevent conflicts of interest and violations of law by persons subject to the Code. In particular, all directors, officers and employees are required to pre-clear their personal transactions through a rules-based automated personal trade reporting system. In this way, all personal securities transactions can be monitored or, if necessary, prohibited or delayed so as not to conflict with a client transaction. The Adviser has also imposed upon employees a mandatory 6 month holding period on securities transactions.
- From time to time and in accordance with the terms of the Adviser's Code of Ethics, there are instances when the Adviser is precluded from trading in certain securities for its advisory clients' accounts. These instances may arise if the Adviser receives material non-public information from an issuer. The Adviser's parent maintains a stop list, which consists of securities for which one or more persons at the Adviser or its affiliates may hold price sensitive information. Employees of the Adviser are not permitted to trade in those securities. It is a violation of United States federal law, Japanese local regulations and a serious breach of the Adviser's policies for any employee to trade in, or recommend trading in, the securities of an issuer, for his/her personal gain or on behalf of the firm or its clients, while in possession of material, nonpublic information ("inside information") which may come into his/her possession either in the course of performing his/her duties, or through a breach of any duty of trust and confidence.
- Further, it is a violation of anti-fraud provisions of the Advisers Act and Japanese laws and regulations for employees who are or become aware of transactions being considered for clients or are aware of the portfolio holdings in the reportable funds to which the Adviser (or an affiliate) acts as an adviser to disclose such information to a party who has "no need to know" or to trade on such information for personal gain by, among other things, front-running or market timing.

## Item 12: Brokerage Practices

- The Adviser delegate trading operations to an affiliated entity, SIMSG and they select brokers or execution forums to try to obtain the overall best execution for its clients. The Adviser and SIMSG do not execute trades for clients through affiliated broker-dealers. Its traders route orders where they expect to obtain the most favorable overall price and efficient execution. Traders do not operate under constraints concerning their choice of brokers other than on the basis of their creditworthiness or client restrictions. SIMSG uses a number of brokerage firms. Some are full service firms that may execute on the Adviser's behalf and others are electronic crossing networks, automated trading firms or execution-only firms. The Adviser requires SIMSG to deal with brokerage firms that it deems capable of providing best price and execution and is financially stable. All brokers are approved by a Credit Committee operated globally for the firm. The Committee reviews the brokerage firm when trading begins and at least once a year. Where appropriate the Adviser establishes credit limits for the counterparties.

### 1. Research Commissions

- SIMSG does not utilize any of Research Commissions. As Japanese law does not permits the use of commissions to pay for research, and the Adviser programs are in compliance with the applicable regulatory requirements.
- The Adviser and SIMSG consider best price and efficient execution as the paramount considerations in choosing where to trade for clients. The Adviser and SIMSG establish maximum commission rates for equity trading by type of security and reviews those rates periodically based on industry standards. The Adviser and SIMSG review both commission rates and overall commissions to monitor whether trades are being executed within guidelines.
- When the Adviser delegates day to day management for a client account to SIMSG, trades for the Japanese equity strategies will ordinarily be placed by SIMSG trading desk and no research commissions will be generated.
- The Brokerage Committee oversees best execution practices. The Committee includes representatives of the equity investment teams, trading, operations and compliance. The Committee reviews issues including: which broker-dealers the trading desk uses, efficiencies of broker-dealers, commission rates, execution costs and other issues.

### 2. Trade Aggregation and Allocation

- When SIMSG executes buy or sell trades for multiple clients, it, in line with the Adviser's policies, ordinarily aggregates all client transactions to obtain more favorable prices, and efficient execution. Clients participating in an aggregated order will receive an average price and a pro-rata share of the transaction costs. There may be variable costs relating to aggregate trades imposed directly by the broker-dealer or custodian for an account that are not shared with other clients. Some clients may not be able to participate in because of regulatory or client-imposed restrictions. In those instances, trades are placed in a manner calculated to achieve the best overall execution for all clients.
- When SIMSG does not aggregate client orders traders may not be able to negotiate a single price for each client order and the prices may be less favorable than those achieved through aggregation. Commissions and transaction costs likely will not be uniform for all accounts. SIMSG may not aggregate orders for all clients for reasons including the following:
  - A client may direct that the Adviser (who would in turn direct SIMSG) use a specific type of broker such as the use of minority-owned broker dealers);
  - A client may prohibit the use of one or more broker-dealers, sometimes for regulatory reasons;
  - A client may require that the Adviser (who would in turn direct SIMSG) use a particular brokerage firm for some or all trades; or
  - Some offshore markets may prohibit trade aggregation.

- The Adviser and SIMSG also maintain procedures for allocating initial public offerings (“IPOs”) for its accounts. Accounts that are similarly managed will generally aggregate their expressions of interest orders.
- Allocations of the shares in the IPO are made in a fair and equitable manner. The Adviser sometimes excludes accounts from participating based on a client restriction, such as broker restrictions.
- The Adviser’s policy is to allocate among eligible accounts on a pro-rata basis unless allocating a pro-rata would cause the participating account to receive only a de minimis amount such as a small odd lot. If an account could only receive a de minimis allocation, the Adviser and/or SIMSG will eliminate that account from the trade. If more than one portfolio manager indicates interest in an IPO, the allocation is first made to each fund manager based on the indications of interest and then allocated pro rata to each fund manager’s accounts. If the Adviser and/or SIMSG receives an allocation in an IPO too small to meaningfully aggregate, they will allocate to managers on an alternating basis. They then allocate to accounts for each manager in accordance with the policy set forth above. The Chief Compliance Officer must approve any allocation made other than on a pro-rata basis.
- The Adviser may manage accounts that have significant investment by affiliates of the Adviser, as seed capital or as capital investments. In circumstances where the interest in an account on behalf of an affiliate of the Adviser exceeds 25%, the Adviser places restrictions on the trading of those accounts. Such accounts may be included in aggregated trades but only when its participation has been determined prior to the order, and the account may receive no more than a pro-rata allocation of securities.

### **3. Client Restrictions on Brokers**

- A client may direct the Adviser in writing to use a particular broker-dealer. A client who chooses to designate the use of a particular broker or dealer on a “restricted” basis, should consider whether such a designation may result in certain costs or disadvantages to the client. Such restrictions on broker use can adversely affect best execution, and prospective clients should consider the possible costs or disadvantages of such an arrangement with the value of the services provided. Where a client restricts all or most trading to a particular broker-dealer, that client cannot benefit when traders buy an aggregate block for other accounts at a favorable price. The Adviser also may not be able to effectively negotiate commission rates with that client’s preferred brokerage firm. The client also will be unable to obtain allocations of new issues of securities if their designated broker cannot independently obtain them. The Adviser generally will not enter a client order with a directed broker until after executing such order for its other client accounts if such other order is with a different broker providing best execution. Certain fixed income accounts may experience sequencing delays in order to meet client directed brokerage requests which may impact the Adviser’s ability to achieve best execution on behalf of such clients. For fixed income clients who have requested directed brokerage, the clients may lose certain benefits, such as volume discounts that the Adviser may have obtained for its non-directed accounts in a combined order. The Adviser will only do business with broker dealers that it believes can meet their financial obligations from trading. The Adviser ordinarily will not accept an instruction to trade with a broker-dealer that is not credit-worthy.

### **4. Cross Trading**

The Adviser will not instruct any “cross trading” as Japanese law prohibits “cross trading”.

### **5. Transactions with Clients**

- The Advisor will not buy securities from, or sell them to, client accounts as Japanese law prohibits such transactions.

### Item 13: Review of Accounts

- Fund managers review all transactions in client accounts on a daily basis. The Adviser also assigns fund managers to each team. The product team reviews the portfolio characteristics and act as the liaison with clients. Fund managers or product team approve client reports before the Adviser sends them to clients. Additional reviews take place when necessary. The events that might trigger additional reviews can include changes in client objectives; unusual investment environments; or a change in investment strategy. The Adviser uses an automated system that allows its compliance function to review trades daily to confirm that the trades meet regulatory requirements and client guidelines.

#### Item 14: Client Referrals and Other Compensation

The Adviser compensates affiliated persons for client solicitations and does occasionally enter into solicitation agreements with unaffiliated third parties. For affiliated persons, compensation is done on a discretionary basis. Assets raised are taken into account in determining discretionary bonuses.

#### Item 15: Custody

- The Adviser does not take or retain custody of client funds or securities. Clients retain their own custodians and the Adviser does not make custodial recommendations. However, the Adviser may in the future have affiliates who act as general partner to private institutional partnerships for which the Adviser provides investment advice. Such affiliates would therefore be deemed to have custody under Rule 206(4)-2 under the Advisers Act. Any such partnerships would be audited and the audit reports delivered to investors in the partnerships in compliance with Rule 206(4)-2. The Adviser has authority to deduct fees for some clients.

#### Item 16: Investment Discretion

- The Adviser generally manages investments on a discretionary basis. Under a discretionary arrangement, fund managers have the authority to determine which securities to buy and sell on the client's behalf and at the client's risk, consistent with the client's investment guidelines. In some instances, however, there are restrictions imposed by clients on investments in specific industries or companies.

## Item 17: Voting Client Securities

- The Adviser treats the voting of proxies as an important part of its management of client assets. It votes proxies in a manner that it deems most likely to protect and enhance the longer term value of the security as an asset to the account.
- The Adviser has a Stewardship Committee consisting of investment professionals and other officers which is responsible for ensuring compliance with its proxy voting policy. That committee includes input from all offices including affiliated advisers. When voting proxies, the Adviser and its affiliates follow the Environmental, Social and Governance Policy (the “Policy”). The Policy sets forth positions on recurring issues and criteria for addressing non-recurring issues. The Stewardship Committee exercises oversight to assure that proxies are voted in accordance with the Policy and that any votes inconsistent with the Policy are documented.
- The Adviser uses proxy research from third party service providers. It considers their recommendations for voting on particular proxy proposals. The Adviser bears ultimate responsibility for proxy voting decisions. Occasionally, proxy voting proposals will raise conflicts between the Adviser’s interests and those of its clients. Those conflicts are managed in accordance with the procedures set out in the Policy.
- If the Adviser receives a proxy relating to an issuer that raises a material conflict of interest, the proxy is voted after review by the Global Head of Equities. The proxy will be voted as follows:
  - If a proposal or aspect of the meeting business is specifically addressed by the Policy, the Adviser will vote or act in accordance with the Policy unless the Adviser considers it is in the best interests of clients to depart from the Policy. In that case or if the proposal or meeting business is not specifically covered by the Policy, the Adviser may vote or act as it determines to be in the best interest of clients, provided that such vote or action would be against the Adviser’s own interest in the matter
  - If the Adviser believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then the Adviser will either (a) vote in accordance with the recommendations of a third party (which will be the supplier of our proxy voting processing and research service); or (b) obtain approval of the decision from the Adviser’s Head of Equities: the rationale of such vote will be recorded in writing; or (c) in exceptional cases, inform the client(s) of the conflict of interest and obtain consent to vote as recommended by the Adviser. If the third-party recommendation is unavailable, we will not vote.
- A copy of the entire Proxy Voting Policy and information as to specific votes are available to clients upon request. Requests should be made to your Client Service Representative.

## Item 18: Other Financial Information

- The Adviser is a subsidiary of a public company in the UK, Schroders plc. Schroders plc. is listed on the London Stock Exchange. The shareholder reports for Schroders plc. are available on the internet at <http://ir.schroders.com/>. Clients or prospective clients may also obtain copies of Schroders plc. reports by contacting their Client Service Representative.

## Item 19: Requirements for State-Registered Advisers

- N/A

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**Brokerage Practices**  
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