

IMPORTANT: This letter is important and requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Europe) S.A., as the Management Company to Schroder International Selection Fund, accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

3 January 2020

Dear Shareholder,

Schroder International Selection Fund (the "Company")

- **Global Climate Change Equity**
- **Global Sustainable Growth (each a "Fund", collectively, the "Funds")**

In order to comply with the disclosure requirements of the Securities and Futures Commission in Hong Kong (the "SFC") for environmental, social and governance ("ESG") funds, with effect from 30 December 2019 (the "Effective Date"), the disclosures of the investment policy of the Funds have been enhanced as set out below.

Global Climate Change Equity

With effect from the Effective Date, the investment policy of the Fund has been enhanced to provide that the Fund invests at least two-thirds of its assets in equity and equity related securities of companies worldwide which the investment manager believes will benefit from efforts to accommodate or limit the impact of global climate change and to include the following disclosure:

"Climate Change Strategy

The strategy looks for opportunities across a global and diverse opportunity set, providing a well-diversified portfolio of different companies across sectors linked to climate change. The strategy invests across five key climate change themes: energy efficiency, environmental resources, sustainable transport, clean energy and low-carbon leader.

The investment manager's first task in the process of stock selection is to determine a universe of companies from the global investment universe whose long-term business outlook, in its opinion, is impacted by efforts to mitigate or adapt to climate change. The investment manager has built a team process and supporting systems that draw on a range of inputs to identify companies where climate change is a significant positive to the business outlook.

Given rapidly changing business impacts, it is not possible to have simple percentage rules for the amount that a company is positively or negatively impacted by climate change. The overarching principle is that climate change must have a significant impact on the long-term business outlook for a stock to be included. When assessing the significance of climate change on the long-term business-outlook for a company, the investment manager considers the relevant impact on expected revenue growth, operating margin and capital intensity of the company. The strategy excludes companies that generate significant revenues from

fossil fuel (e.g. oil, coal, gas, tar-sands, shale-gas), tobacco and weapons from the investable universe.”

Global Sustainable Growth

With effect from the Effective Date, the investment policy of the Fund has been enhanced to provide that the Fund invests at least two-thirds of its assets in equity and equity related securities of companies worldwide which meet the investment manager’s sustainability criteria and to include the following disclosure:

“Sustainability Strategy

The investment manager’s investment approach includes an analysis of ESG factors, which is integrated into its fundamental stock analysis. The investment manager assesses the materiality of ESG factors as they relate to the specifics of each company and evaluate those that are considered material to the sustainability of future earnings growth and as potential risk factors for a company.

Given the explicit focus on sustainability for this fund, a more-detailed assessment of sustainability is incorporated via the investment manager’s proprietary Sustainability Quotient (SQ) framework. This is a systematic process for evaluating sustainability characteristics. The framework incorporates critical ESG-related factors and elements of corporate performance across four broad categories namely, respect for the environment, fair and equitable treatment of employees, suppliers and customers, good corporate citizens, and prudent allocation of capital.

Stocks that meet the necessary sustainability threshold, based on the Investment Manager’s qualitative assessment of ESG and sustainability, and offer the potential for attractive risk-adjusted returns will be considered for inclusion in the fund. There is no formulaic approach to the investment manager’s assessment and the investment manager does not assign scores nor does it impose minimum thresholds. However, analysis and evaluation of ESG and sustainability are systematically applied to the way the investment manager selects stocks.

The investment manager analyses a company’s strengths and weaknesses using a wide range of sources which include but are not limited to: company filings and website, third party reports (e.g. MSCI ESG), ESG statistics (e.g. Bloomberg), unconventional sources (e.g. NGO reports) and insights from its local analysts.

The fund excludes stocks with material exposure to alcohol, fossil fuels, tobacco, weapons, gambling, high interest rate lending, human embryonic cloning and adult entertainment.”

Risk disclosures of the Funds have also been enhanced to reflect the investment policy above. All other key features of the Funds remain the same. There is no material change to the way the Funds are managed in practice, or to its investment style, investment philosophy or risk profile following the above changes.

Any expenses incurred directly as a result of making the above changes will be borne by the Company.

If you have any questions or would like more information, please contact your usual professional advisor or the Representative at Level 33, Two Pacific Place, 88 Queensway, Hong Kong or calling the Schrodgers Investor Hotline on (+852) 2869 6968.

Yours faithfully,



Chris Burkhardt
Authorised Signatory



Nirosha Jayawardana
Authorised Signatory