

12 July 2022

Dear Shareholder,

Schroder International Selection Fund (the "Company") – Global Multi Credit (the "Fund")

We are writing to inform you that on 16 August 2022 (the "Effective Date") the Fund will change its investment strategy to enhance its sustainability characteristics. The Fund's name, its investment objective and its investment policy will be amended to reflect this.

Background and rationale

From the Effective Date the Fund will enhance the sustainability elements of its investment process to incorporate structural sustainability themes and screens to combine best-in-class companies with investments in issuers demonstrating good or improving sustainability credentials. The Fund's binding environmental and/or social characteristic¹ (to maintain a higher overall sustainability score than Bloomberg Multiverse (TR) ex Treasury A+ to B- index, USD Hedged, based on the Investment Manager's rating system) will not change.

The following changes will be made to the Fund to reflect this amended investment strategy:

Name change

From the Effective Date the Fund's name will change to Schroder International Selection Fund – Sustainable Global Multi Credit.

Investment Objective and Policy change

From the Effective Date, the changes to the Fund's details in the prospectus of the Company will be as follows:

- The Investment Objective and Policy will change to reflect the Fund's explicit focus on investments meeting the Investment Manager's enhanced sustainability criteria; and
- The "Sustainability Criteria" section will be amended within the Fund Characteristics section of the prospectus to explain the Fund's new approach and the application of sustainability criteria by the investment manager when selecting investments for the Fund.

Full details of the changes being made to the Fund can be seen in **Appendix 1**.

The extent of the change to the risk/reward profile of the Fund as a result of these changes is non-significant.

¹ Within the meaning of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial sector ("SFDR").

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For your security telephone conversations may be recorded

All other key features of the Fund, including the synthetic risk and return indicator (the SRRI) and fees, will remain the same.

Redeeming or switching your shares to another Schroders fund

We hope that you will choose to remain invested in the Fund following these changes, but if you do wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds before the Effective Date you may do so at any time up to and including deal cut-off on 15 August 2022. Please ensure that your redemption or switch instruction reaches HSBC Continental Europe, Luxembourg ("HSBC") before this deadline. HSBC will execute your redemption or switch instructions in accordance with the provisions of the Company's prospectus, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local agents might also have a local deal cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach HSBC before the deal cut-off given above.

You can find the Fund's updated key investor information document (the KIID) for the relevant share class and the Fund's Prospectus at www.schroders.lu.

If you have any questions or would like more information about Schroders' products please visit www.schroders.com or contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

The Board of Directors

Appendix 1

The new wording is shown as underlined text

Current Fund disclosures	Revised Fund disclosures
<p>Investment Objective:</p> <p>The Fund aims to provide capital growth in excess of the Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- USD Hedged index after fees have been deducted over a three to five year period by investing in fixed and floating rate securities.</p> <p>Investment Policy:</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in investment grade and sub-investment grade fixed and floating rate securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) issued by governments, government agencies, supra-nationals and companies worldwide, including emerging market countries.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> - in excess of 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds); - up to 20% of its assets in asset-backed and mortgage backed securities; and - up to 30% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds (CoCos). <p>The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p> <p>The Fund may also invest in derivatives to create long and short exposure to the underlying assets of these derivatives. The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a higher overall sustainability score than Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- index, USD Hedged, based on the</p>	<p>Investment Objective:</p> <p>The Fund aims to provide capital growth in excess of the Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- USD Hedged index after fees have been deducted over a three to five year period by investing in fixed and floating rate securities <u>which meet the Investment Manager's sustainability criteria.</u></p> <p>Investment Policy:</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in investment grade and sub-investment grade fixed and floating rate securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) issued by governments, government agencies, supra-nationals and companies worldwide, including emerging market countries.</p> <p>The Fund maintains a higher overall sustainability score than Bloomberg Multiverse (TR) ex Treasury A+ to B- USD Hedged index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/lu/private-investor/gfc.</p> <p><u>The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).</u></p> <p><u>The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures.</u></p> <p>The Fund may invest:</p>

Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/lu/private-investor/gfc.

Benchmark:

The Fund's performance should be assessed against its target benchmark being to exceed the Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- index, USD Hedged. The Fund's investment universe is expected to overlap materially with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the benchmark in order to take advantage of specific investment opportunities. The index is a customised benchmark which has been selected as it provides a more accurate investment universe against which to compare performance. This is a focussed credit fund so the index excludes Treasuries, which tend to be included in broad market indices. The benchmark includes corporate bonds rated A+ to B- as we also excluded securities rated AAA, AA and CCC and below. The index is hedged, but on an unhedged basis local currencies are excluded. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund. The target benchmark has been selected because it is representative of the type of investments in which

- in excess of 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds);
- up to 20% of its assets in asset-backed and mortgage backed securities; and
- up to 30% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds (CoCos).

The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).

The Fund may also invest in derivatives to create long and short exposure to the underlying assets of these derivatives. The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.

Benchmark:

The Fund's performance should be assessed against its target benchmark being to exceed the Bloomberg Multiverse (TR) ex Treasury A+ to B- index, USD Hedged. The Fund's investment universe is expected to overlap materially with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the benchmark in order to take advantage of specific investment opportunities. The index is a customised benchmark which has been selected as it provides a more accurate investment universe against which to compare performance. This is a focussed credit fund so the index excludes Treasuries, which tend to be included in broad market indices. The benchmark includes corporate bonds rated A+ to B- as we also excluded securities rated AAA, AA and CCC and below. The index is hedged, but on an unhedged basis local currencies are excluded. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund. The

the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

Fund Characteristics:

Sustainability Criteria

The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.

The strategy aims to identify issuers demonstrating good or improving sustainability credentials, and those that impose a high cost on the environment and society. This involves:

- The exclusion of issuers that the Investment Manager deems to have businesses that are
- materially damaging to the climate and impose unjustifiable social costs.
- The inclusion of issuers that demonstrate stable and improving sustainability trajectories, and issuers demonstrating good governance based on the Investment Manager's sustainability rating methodology.

The Investment Manager may also engage with companies to encourage transparency, the transition to a circular economy with lower carbon emissions intensity and responsible social behaviour that promotes sustainable growth and alpha generation.

The primary sources of information used to perform the analysis are the Investment Manager's proprietary tools and research, third-party research, NGO reports and expert networks. The Investment Manager also performs its own analysis of publicly available information provided by the companies, including information provided in company sustainability reports and other relevant company material.

More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures.

The Investment Manager ensures that at least:

- 90% of fixed or floating rate securities and money market instruments with an investment grade credit rating; sovereign debt issued by developed countries; and equities issued by large companies domiciled in developed countries; and

target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

Fund Characteristics:

Sustainability Criteria

The Investment Manager applies sustainability criteria when selecting investments for the Fund.

The strategy applies structural sustainability themes and screens to combine best-in-class companies with investments in issuers demonstrating good or improving sustainability credentials. This is achieved by:

- The exclusion of issuers that the Investment Manager deems to have businesses that are environmentally destructive, socially costly, violate human rights and/or have demonstrated gross misconduct.
- The inclusion of issuers that demonstrate stable and improving sustainability trajectories relative to their industry peers and issuers demonstrating good governance based on the Investment Manager's sustainability rating methodology. As part of the selection process, the Investment Manager also considers companies' commitment to sustainable themes such as climate change mitigation, economic inclusion and health and wellbeing.

The selection of green, social and sustainable bonds entails assessing the overall sustainability of the issuer, analysing the use of proceeds and the expected impact on the bond's objectives. A green bond is a fixed or floating rate security that finances an environmental objective. A social bond is a fixed or floating rate security that finances a social objective. A sustainable bond is a fixed or floating rate security that finances both environmental and social objectives.

The Investment Manager may also engage with companies to encourage transparency, the transition to a circular economy with lower carbon emissions intensity and responsible social behaviour that promotes sustainable growth and alpha generation.

The primary sources of information used to perform the analysis are Schroders' proprietary sustainability tools and research, and the Investment Manager's third-party research, NGO reports and expert networks. The Investment Manager also performs its

<p>- 75% of fixed or floating rate securities and money market instruments with a high yield credit rating; sovereign debt issued by emerging countries equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies,</p> <p>held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.</p> <p>Sustainability risk factor:</p> <p>The Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR). A Fund with these characteristics may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As Investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.</p>	<p>own analysis of information provided by the companies, including information provided in company sustainability reports and other relevant company material.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures.</p> <p><u>The Investment Manager ensures that at least 90% of companies in the Fund's portfolio are rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</u></p> <p><u>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of fixed and floating rate securities issued by companies worldwide. However, the universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.</u></p> <p>Sustainability risk factor</p> <p>The Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR). A Fund with these characteristics may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As Investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.</p>
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Appendix 2

ISIN codes of the Share Classes impacted by these changes:

Share Class	Share Class Currency	ISIN Code
A Accumulation	USD	LU1406014032
A Distribution	USD	LU1406014206
A1 Accumulation	USD	LU1751208239
A1 Distribution	USD	LU1751208312
C Accumulation	USD	LU1406014115
C Distribution	USD	LU1406014388
A Accumulation	CHF Hedged	LU1732477614
C Accumulation	CHF Hedged	LU1732477705
A Accumulation	EUR Hedged	LU1420362151
A Distribution	EUR Hedged	LU1420362409
B Accumulation	EUR Hedged	LU1476609448
B Distribution	EUR Hedged	LU1476609950
C Accumulation	EUR Hedged	LU1420362235
C Distribution	EUR Hedged	LU1420362581
I Accumulation	EUR Hedged	LU1420362318
IZ Accumulation	EUR Hedged	LU1614424700
IZ Distribution	EUR Hedged	LU2049716504
I Accumulation	GBP Hedged	LU1406015278
IZ Accumulation	GBP Hedged	LU2133140413
A Accumulation	NOK Hedged	LU1644496967
A1 Accumulation	PLN Hedged	LU1814678600
A Accumulation	SEK Hedged	LU1644498583