

**18 August 2023**

Dear Shareholder,

## **Schroder International Selection Fund (the "Company") – EURO Credit Absolute Return (the "Fund")**

We are writing to inform you that on 21 September 2023 (the "Effective Date") the name and investment objective of the Fund will change, a new target benchmark will be adopted and the comparator benchmark will be removed. The Fund's binding environmental and/or social characteristic(s), within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), will also change, from maintaining a positive absolute (above zero) sustainability score to maintaining a higher overall sustainability score than a benchmark.

### **Background and rationale**

The Fund currently has an "Absolute Return" performance target, which means that it seeks to achieve a positive return in all market conditions over rolling 12 month periods. However, as the implementation of the strategy is high conviction we believe it will add clarity to change the Fund's name and investment objective to reflect this. The core objective of investing in EURO credit will not change.

The existing Absolute Return objective of providing a positive return over a 12-month period in all market conditions has been used as a target benchmark for the Fund and the shift away from this means that a new target benchmark will be adopted from the Effective Date: the ICE BofA 1-5 Year BBB Euro Corporate total return index. In addition, from the Effective Date, the Fund's existing comparator benchmark of 3 Month EURIBOR will no longer apply. Full details of the changes being made can be viewed in the Appendix to this letter.

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

All other key features of the Fund, including the relevant risk indicator 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 21 September 2023. 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 information document (the KID) for the relevant share class and the Company's Prospectus at [www.schroders.lu](http://www.schroders.lu).

If you have any questions or would like more information about Schroders' products please visit [www.schroders.com](http://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

### Name Change

From the Effective Date the Fund's name will change from:

Schroder International Selection Fund EURO Credit Absolute Return

To:

Schroder International Selection Fund Euro Credit Conviction Short Duration

### Investment Objective and Policy Change

New Wording is show in bold. Removed wording is shown as strikethrough text.

| Current Investment Objective and Policy  | New Investment Objective and Policy  |
|--|--|
| <p><b>Investment Objective</b></p> <p>The Fund aims to provide an absolute return after fees have been deducted by investing in fixed and floating rate securities denominated in Euro issued by companies worldwide.</p> <p>Absolute return means the Fund seeks to provide a positive return over a 12-month period in all market conditions, but this cannot be guaranteed and your capital is at risk.</p>   | <p><b>Investment Objective</b></p> <p><b>The Fund aims to provide income and capital growth in excess of the ICE BofA 1-5 Year BBB Euro Corporate total return index over a three to five year period after fees have been deducted by investing in fixed and floating rate securities denominated in Euro issued by companies worldwide.</b></p>  |
| <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets, long (directly or indirectly through derivatives) or short (through derivatives), in fixed and floating rate securities denominated in Euro issued by governments, government agencies, supra-nationals and companies worldwide.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> <li>- up to 30% of its assets in securities that have a below investment grade credit rating (as measured by Standard &amp; Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schrodgers ratings for non-rated bonds);</li> <li>- up to 20% of its assets in sovereign government bonds;</li> <li>- up to 40% of its assets in asset-backed securities and mortgage-backed securities; and</li> <li>- up to 20% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds.</li> </ul> | <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets, long (directly or indirectly through derivatives) or short (through derivatives), in fixed and floating rate securities denominated in Euro issued by governments, government agencies, supra-nationals and companies worldwide.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> <li>- up to 30% of its assets in securities that have a below investment grade credit rating (as measured by Standard &amp; Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schrodgers ratings for non-rated bonds);</li> <li>- up to 20% of its assets in sovereign government bonds;</li> <li>- up to 40% of its assets in asset-backed securities and mortgage-backed securities; and</li> <li>- up to 20% of its assets in convertible bonds including up to 10% of its assets in contingent convertible bonds.</li> </ul> |

|  |   |
|--|---|
| <p>The Fund may invest in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade credit rating (as measured by Standard &amp; Poor's or any equivalent grade of other credit rating agencies). Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.</p> <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 positive absolute sustainability score, 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 above the limits listed under "Sustainability-Related Disclosure" on the Fund's webpage <a href="https://www.schroders.com/en/lu/private-investor/gfc">https://www.schroders.com/en/lu/private-investor/gfc</a></p> | <p>The Fund may invest in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade credit rating (as measured by Standard &amp; Poor's or any equivalent grade of other credit rating agencies). Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.</p> <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><del>The Fund maintains a positive absolute sustainability score, 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.</del></p> <p><b>The Fund maintains a higher overall sustainability score than the ICE BofA 1-5 Year BBB Euro Corporate total return index, based on the Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</b></p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability-Related Disclosure" on the Fund's webpage <a href="https://www.schroders.com/en/lu/private-investor/gfc">https://www.schroders.com/en/lu/private-investor/gfc</a></p> |
| <p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its objective of providing a positive return over a 12-month period in all market conditions and compared against 3 Month EURIBOR (or an alternative reference rate).</p> <p>The target benchmark has been selected because the target return of the Fund is to deliver the return of that benchmark as stated in the investment objective. The comparator benchmark</p>  | <p><b>Benchmark</b></p> <p><b>The Fund's performance should be assessed against its target benchmark, being to exceed the ICE BofA 1-5 Year BBB Euro Corporate total return index. The Fund's investment universe is expected to overlap materially with the components of the target benchmark.</b></p> <p><b>The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's</b></p>  |

|   |  |
|---|--|
| <p>has been selected because the Investment Manager believes that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p> <p>Schroders is in the process of assessing the potential alternatives to EURIBOR and will notify investors of any decision to move away from EURIBOR in due course.</p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> | <p><b>portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities. The 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.</b></p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> |
|---|--|

ISIN codes of the Share Classes impacted by this change:

| <b>Share Class</b> | <b>Share Class Currency</b> | <b>ISIN Code</b> |
|--------------------|-----------------------------|------------------|
| A Accumulation     | EUR                         | LU1293074719     |
| A Distribution     | EUR                         | LU1293075104     |
| B Accumulation     | EUR                         | LU1476606857     |
| B Distribution     | EUR                         | LU1476607079     |
| C Accumulation     | EUR                         | LU1293074800     |
| C Distribution     | EUR                         | LU1293075286     |
| I Accumulation     | EUR                         | LU1293074982     |
| IZ Accumulation    | EUR                         | LU1293075013     |
| A Accumulation     | CHF Hedged                  | LU1651856509     |
| C Accumulation     | CHF Hedged                  | LU1651856681     |