Schroder International Selection Fund
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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. The directors of Schroder International Selection Fund accept full responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

9 December 2016

Dear Shareholder,

Schroder International Selection Fund

The board of directors of Schroder International Selection Fund (the "Company") has decided to update the additional information of the Company's sub-funds (the "Funds") as disclosed in the "Fund Details" section of the Hong Kong Covering Document of the Company.

The purpose of the update is to provide investors with greater transparency of the types of assets that the Funds may use to capture market opportunities in China and to provide flexibility for the Funds to invest directly in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "Stock Connect"). All other key features of the Funds, including fee structure, risk profile and the way financial derivative instruments are used, will remain the same.

The additional information of the Funds which is being clarified in the "Fund Details" section of the Hong Kong Covering Document of the Company is as follows:

All Funds

Unless specified otherwise in Appendix III to the Prospectus, the Funds may invest no more than 5% of their respective Net Asset Value in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively "Stock Connect").

Asian Dividend Maximiser*, Global Equity Yield and Global Dividend Maximiser*

The Funds may invest (i) no more than 5% of their respective Net Asset Value in China A-Shares via Shenzhen-Hong Kong Stock Connect and (ii) no more than 10% of their respective Net Asset Value in China A-Shares via Stock Connect.

BRIC (Brazil, Russia, India, China), Emerging Markets, Global Multi-Asset Income, QEP Global Active Value and QEP Global Quality

* The name "Dividend Maximiser" refers to the investment objective of the fund to enhance the fund dividend by generating extra income from selling covered call options on the underlying equity portfolio and this may reduce the potential capital growth and future income of the fund. It does not suggest that the manager would aim at seeking the highest possible dividends for the fund.

The Funds may invest directly in China A-Shares via the Stock Connect. Indirect exposure to China A-Shares may also be sought for the Funds through investment in financial instruments such as China market access products and other funds with China access through RQFII/QFII quotas. The Funds do not currently intend to invest (i) more than 5% of their respective Net Asset Value in China A-Shares via Stock Connect and (ii) 10% or more of their respective Net Asset Value directly and indirectly in China A-Shares and China B-Shares.

Asian Opportunities, Asian Equity Yield, Asian Smaller Companies, Asia Pacific Cities Real Estate, Asian Total Return, China Opportunities, Emerging Asia, Global Smaller Companies, Greater China and Hong Kong Equity

For clarification, in relation to the Funds’ investment objectives as described in Appendix III to the Prospectus, the Funds may invest directly in China A-Shares via the Stock Connect. Indirect exposure to China A-Shares may also be sought for the Funds through investment in financial instruments such as China market access products and other funds with China access through RQFII/QFII quotas. The Funds do not currently intend to invest (i) more than 10% of their respective Net Asset Value in China A-Shares via Stock Connect, (ii) more than 5% of their respective Net Asset Value in China A-Shares via Shenzhen-Hong Kong Stock Connect and (iii) 30% or more of their respective Net Asset Value directly and indirectly in China A-Shares and China B-Shares.

For further information, please refer to the Appendix for the updated "Stock Connect" section (replacing the existing "Shanghai-Hong Kong Stock Connect" section) and the updated "Risks associated with investing through the Stock Connect" (replacing the existing "Risks associated with the Shanghai-Hong Kong Stock Connect") under the "Risks of Investment" section of the Hong Kong Covering Document of the Company.

Costs of making these changes including regulatory and shareholder communication costs will be borne by Schroder Investment Management (Luxembourg) S.A. which is the Company's management company.

If you have any questions or would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

Alastair Woodward
Authorised Signatory

Cord Rodewald
Authorised Signatory

Appendix

Stock Connect

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited ("HKEX"), Shanghai Stock Exchange ("SSE") and China Securities Depositary and Clearing Corporation Limited ("ChinaClear") and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange ("SZSE") and ChinaClear. The aim of the Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Funds), through their Hong Kong brokers and a securities trading service company established by The Stock Exchange of Hong Kong Limited ("SEHK"), may be able to trade eligible China A-Shares listed on the SSE by routing orders to SSE. Under the Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect, investors in mainland China will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the Securities and Futures Commission in Hong Kong (the “SFC”) and the China Securities Regulatory Commission ("CSRC") the Shanghai-Hong Kong Stock Connect commenced trading on 17 November 2014.

Under the Shanghai-Hong Kong Stock Connect, the Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE. These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB;
- and SSE-listed shares which are included in the "risk alert board".

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shanghai-Hong Kong Stock Connect is subject to a daily quota ("Daily Quota"). Northbound Shanghai Trading Link and Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shanghai-Hong Kong Stock Connect each day.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SZSE by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect investors in mainland China will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and CSRC the Shenzhen-Hong Kong Stock Connect will commence trading on 5 December 2016.

Under the Shenzhen-Hong Kong Stock Connect, the Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SZSE. These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of RMB6 billion or above and all SZSE-listed shares of companies which have issued both China A-Shares and H-Shares, except the following:

- SZSE-listed shares which are not traded in RMB;
- and SZSE-listed shares which are included in the "risk alert board".

At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shenzhen-Hong Kong Stock Connect will be subject to a Daily Quota. Northbound Shenzhen Trading Link and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

The Hong Kong Securities Clearing Company Limited ("HKSCC"), a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors. China A-Shares traded through the Stock Connect are issued in scripless form, and investors will not hold any physical China A-Shares.

Although HKSCC does not claim proprietary interests in the SSE and SZSE securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise the Hong Kong Central Clearing and Settlement System ("CCASS") participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Under the Stock Connect, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE securities. Further information about the trading fees and levies is available online at the website:
http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

Risks associated with investing through the Stock Connect

Investment in China A-Shares by the Funds via the Stock Connect may expose the Funds to the following additional risks:

Quota limitations

The Stock Connect is subject to quota limitations. In particular, the Stock Connect is subject to a daily quota which does not belong to the Funds and can only be utilised on a first-come-first-serve basis. Once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Funds’ ability to invest in China A-Shares through the Stock Connect on a timely basis, and the Funds may not be able to effectively pursue its investment strategies.

Differences in trading days

The Stock Connect only operates on days when both mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the mainland China stock market but Hong Kong investors (such as the Funds) cannot carry out any China A-Shares trading through the Stock Connect. Due to the differences in trading days, the Funds may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

Suspension risk

Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connect is effected, the Funds' ability to access the mainland China market will be adversely affected.

Operational risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Funds' ability to access the China A-Shares market (and hence to pursue its investment strategy) will be adversely affected.

Restrictions on selling imposed by front-end monitoring

The mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the Funds intend to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its brokers before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Funds may not be able to dispose of holdings of China A-Shares in a timely manner.

Recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Funds, for example, when the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and settlement risk

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfill the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the mainland China securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Funds may suffer delay in the recovery process or may not be able to fully recover their losses from ChinaClear.

No Protection by Investor Compensation Fund

Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. Investments of the Funds are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A-Shares via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore the Funds are exposed to the risks of default of the broker(s) they engage in their trading in China A-Shares through the Stock Connect.

Regulatory risk

The current regulations relating to Stock Connect are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/ stock exchanges in mainland China and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Funds may be adversely affected as a result of such changes.

Legal/ Beneficial Ownership

China A-Shares traded through the Stock Connect by the Funds are held by the sub-custodian in accounts in the CCASS maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the China A-Shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for the Stock Connect. The precise nature and rights of the Funds as the beneficial owners of the China A-Shares through HKSCC as nominee are not well defined under the mainland China law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under the mainland China law and there have been few cases involving a nominee account structure in the mainland China courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Funds under the mainland China law are uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the China A-Shares will be regarded as held for the beneficial ownership of the Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

Risks associated with the Small and Medium Enterprise board and/or ChiNext market

The Funds may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE via the Shenzhen-Hong Kong Stock Connect. Investments in the SME board and/or ChiNext market may result in significant losses for the Funds and their investors. The following additional risks apply:

Higher fluctuation on stock prices - Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

Over-valuation risk - Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulations - The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

Delisting risk - It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on the Funds if the companies that it invests in are delisted.