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24 August 2015

Dear Shareholder,

Schroder International Selection Fund – Global Small Cap Energy merger with Schroder International Selection Fund – Global Energy

We are writing to advise you that on 30 September 2015 (the **Effective Date**), Schroder International Selection Fund – Global Small Cap Energy (the **Merging Fund**) will merge with Schroder International Selection Fund – Global Energy (the **Receiving Fund**) (the **Merger**). Shareholders in the Merging Fund will receive the equivalent value of shares in the Receiving Fund in place of their current shares in the Merging Fund.

The Merger was authorised by the Commission de Surveillance du Secteur Financier on 10 August 2015.

Investment objectives and policies

Both the Merging Fund and the Receiving Fund have the primary objective to provide capital growth through investment in shares of energy related companies. The Merging Fund has a small cap bias, whilst the Receiving Fund has a small to medium cap bias and also has a slightly lower synthetic risk and reward indicator¹ than the Merging Fund.

Share classes and annual investment management fee changes

The table below summarises the annual investment management charge (the **AMC**) and on-going charges (the **OGC**) for the share classes of the Merging Fund and the Receiving Fund. Please note that the OGC includes the AMC and all other charges and expenses.

Share class	Merging Fund		Receiving Fund	
	AMC	OGC	AMC	OGC estimate ²
A	1.50%	1.96%	1.50%	1.92%
C	1.00%	1.36%	1.00%	1.32%
I	0.00%	0.11%	0.00%	0.07%

¹ The synthetic risk and reward indicator (SRRI) defines the risk category of the fund in its key investor information document (KIID) and is calculated based on the volatility of returns.

² Percentages are per annum and are stated with reference to the net asset value per share. The OGCs include, where applicable, the distribution charge, shareholder servicing charge, investment management fee and other administration costs including the fund administration, custodian and transfer agency costs. They include the management fees and administration costs of the underlying investment funds in the portfolio. The OGCs are as at May 2015.

The base currency of both the Merging Fund and the Receiving Fund is USD. A full summary of which Receiving Fund share classes the Merging Fund share classes will be merged into can be found in the Appendix to this letter.

Dealing cut-off time and settlement periods for subscriptions and redemptions

There is no change to the dealing cut-off time or the settlement periods. The dealing cut-off time of the Receiving Fund is 1.00 p.m. Luxembourg time on the dealing day. Orders that reach the management company of the Schroder International Selection Fund (the **Management Company**) before the cut-off time will be executed on the dealing day. The settlement periods for subscription and redemption are within three business days following a dealing day.

A key features comparison table of the Merging Fund and the Receiving Fund (including the share class changes) can be found in the Appendix.

Merger

This Merger notice is required by Luxembourg law.

Upon review, the board of directors of Schroder International Selection Fund concluded that, given the similarity in strategy between the Merging Fund and the Receiving Fund, shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. Shareholders in the Merging Fund will be merged into a sub-fund which will give shareholders access to capital growth potential with a decrease in the risk profile and at a lower cost. The Merging Fund has approximately 25 million US dollars under management as of 30 June 2015 while the Receiving Fund has approximately 460 million US dollars under management as of the same date. Although the market capitalisation limits of the targeted companies of the two sub-funds are different, the Receiving Fund will operate under similar investment criteria and strategy as the Merging Fund but with a broader investment universe. As a result of the Merger, there will be no change of legal entities acting as investment manager or of the investment teams which currently manage the Merging Fund.

— Costs and expenses of the Merger

The Merging Fund has no outstanding set-up costs. The expenses incurred in the Merger, including the legal, advisory and administrative costs, will be borne by the Management Company.

From 24 August 2015, in order to account for the market-related transaction costs associated with the disposal of any investments that would not fit well in the Receiving Fund's portfolio, or associated with redemption or switch orders received during the period leading up to the Merger, the Merging Fund's net asset value per share will be adjusted down each time there is a net outflow from the Merging Fund by means of a dilution adjustment. In the unlikely event that there are net inflows to the Merging Fund during this period the net asset value per share will be adjusted upwards. Costs associated with portfolio trading required to align the Merging Fund's portfolio with that of the Receiving Fund from 24 August 2015 to the date of the Merger will be included in the calculation of the net asset values per share calculated for those days. Further information relating to dilution adjustments is available in the Prospectus in section 2.4 "Calculation of Net Asset Value". The prospectus is available at www.schroders.lu.

— Exchange ratio, treatment of accrued income and consequences of the Merger

On the Effective Date, the net assets of the Merging Fund will be transferred to the Receiving Fund. For the shares of each class that they hold in the Merging Fund, shareholders will receive an equal amount by value of shares of the corresponding class (as described under section "Share classes and annual investment management fee changes" above) in the Receiving Fund, calculated at the net asset value per share of the Merging Fund and the Receiving Fund on the Effective Date.

Any accrued income relating to the Merging Fund's shares at the time of the Merger will be included in the calculation of the final net asset value per share of the Merging Fund and will be accounted for after the Merger in the net asset value per share of the Receiving Fund.

You will thus become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Merging Fund. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found under section "Existing and New Share Class Mapping" in the Appendix.

The first dealing date for your shares in the Receiving Fund will be 1 October 2015, the related deal cut-off for this dealing day being 1.00 p.m. Luxembourg time on the dealing day.

— **Rights of shareholders to redeem/switch**

If you do not wish to hold shares in the Receiving Fund from the Effective Date, you have the right to redeem your holding in the Merging Fund or to switch into another Schroder fund at any time up to and including the dealing day on 23 September 2015.

We will execute your redemption or switch instructions in accordance with the provisions of the 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 the Management Company before the 1.00 p.m. Luxembourg time deal cut-off on 23 September 2015.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on 24 August 2015. To allow sufficient time for changes to be made to regular savings plans and similar facilities, subscriptions or switches into the Merging Fund will be accepted from existing investors until 23 September 2015 (deal cut-off at 1.00 p.m. on 23 September 2015).

— **Tax status**

The conversion of shares at the time of the Merger and / or your redemption or switch of shares prior to the Merger might affect the tax status of your investment. We therefore recommend that you seek independent professional advice in these matters.

— **Further information**

We advise shareholders to read the Receiving Fund's key investor information document (the **KIID**) which accompanies this letter. This is a representative KIID for the Receiving Fund, showing information for the affected share class with the highest OGC (A share class). It is, together with the KIIDs of all other available share classes, available at www.schroders.lu. The prospectus is also available at that address.

An audit report will be prepared by the approved statutory auditor in relation to the Merger and will be available free of charge upon request from the Management Company.

We hope that you will choose to remain invested in the Receiving Fund after the Merger. If you would like more information, please contact your local Schroders office, your usual professional adviser or the Management Company on (+352) 341 342 212.

Yours faithfully,



Noel Fessey
Authorised Signatory



Nathalie Wolff
Authorised Signatory

Appendix

Key Features Comparison Table

The following is a comparison of the principal features of the Merging Fund and the Receiving Fund. Both are sub-funds of Schroder International Selection Fund. Full details are set out in the Prospectus and shareholders are also advised to consult the KIID of the Receiving Fund which accompanies this letter.

	Merging Fund Schroder ISF – Global Small Cap Energy	Receiving Fund Schroder ISF – Global Energy
Prospectus Investment Objective and Policy	<p>To provide capital growth primarily through investment in equity and equity related securities of junior energy and energy-related companies worldwide.</p> <p>In order to achieve the objective, the Investment Manager will take exposure to a selected portfolio of equity securities, which it believes offer the best potential for future growth. The Investment Manager may use a wide range of assets including Investment Funds, financial derivative instruments and warrants. The Investment Manager may also invest in deposits with credit institutions and money market instruments.</p>	<p>To provide capital growth primarily through investment in securities of companies active in the energy sector.</p>
KIID Objectives and Investment Policy	<p>Objectives</p> <p>The fund aims to provide capital growth.</p> <p>Investment Policy</p> <p>At least two-thirds of the fund (excluding cash) will be invested in a concentrated range of shares of small energy and energy-related companies worldwide. This means typically holding fewer than 50 companies. We will normally invest in companies with a share capital of less than \$500 million.</p> <p>We believe smaller companies can provide higher growth prospects than larger companies over the longer term, due to the fact they are typically in the early stages of their development. Smaller companies are less researched than larger ones.</p> <p>We believe that energy is an ongoing investment theme, which should continue to provide compelling returns for investors especially over the long term.</p> <p>The fund may also invest in other</p>	<p>Objectives</p> <p>The fund aims to provide capital growth.</p> <p>Investment Policy</p> <p>At least two-thirds of the fund (excluding cash) will be invested in a concentrated range of shares of energy-related companies. The fund will typically hold fewer than 50 companies and has a bias towards smaller and medium sized companies.</p> <p>The fund focuses our highest conviction investment ideas, which largely comprise traditional oil and gas-based companies, but also can include companies involved in infrastructure, utilities, renewable and alternative energy. The fund will have a bias towards exploration and production companies. The manager focuses on companies with attractive longer term growth prospects, often supported by rising production, which the manager believes are misunderstood and under-valued by the market. We believe that energy is an on-going investment theme, which</p>

	Merging Fund Schroder ISF – Global Small Cap Energy	Receiving Fund Schroder ISF – Global Energy
	financial instruments and hold cash on deposit. Derivatives may be used to achieve the Investment objective and to reduce risk or manage the fund more efficiently.	should continue to provide compelling returns for investors especially over the long term. The fund may also invest in other financial instruments and hold cash on deposit. Derivatives may be used to achieve the investment objective and to reduce risk or manage the fund more efficiently.
Synthetic Risk and Reward Indicator (SRI)	Category 7	Category 6
Profile of the Typical Investor	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Fund Category	Specialist Equity Funds	Specialist Equity Funds
Fund Currency	USD	USD
Launch Date	17 May 2010	30 June 2006
Total Fund Size (million) as at 30 June 2015	USD 25 million	USD 460 million
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.	Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.
Initial Charge	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share) I: None	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share) I: None
Management Fees by Share Class	A: 1.50% per annum C: 1.00% per annum I: 0.00% per annum	A: 1.50% per annum C: 1.00% per annum I: 0.00% per annum

	Merging Fund Schroder ISF – Global Small Cap Energy	Receiving Fund Schroder ISF – Global Energy
On-Going Charge	A: 1.96% per annum C: 1.36% per annum I: 0.11% per annum	A: 1.92% per annum C: 1.32% per annum I: 0.07% per annum

Existing and New Share Class Mapping

Merging Fund Schroder ISF – Global Small Cap Energy		Receiving Fund Schroder ISF – Global Energy	
Existing Share Class Held	ISIN Codes	New Share Class to be Held	ISIN Codes
A Accumulation EUR	LU0507598497	A Accumulation EUR	LU0374901568
A Accumulation CHF	LU0507598810	A Accumulation CHF*	Not yet available
A Distribution GBP	LU0507599115	A Distribution GBP	LU0355356758
C Accumulation USD	LU0507598141	C Accumulation USD	LU0256331728
C Accumulation EUR	LU0507598570	C Accumulation EUR	LU0374901725
C Accumulation CHF	LU0507598901	C Accumulation CHF*	Not yet available
C Distribution GBP	LU0506532182	C Distribution GBP	LU0355356832
I Accumulation USD	LU0507598224	I Accumulation USD	LU0256332452

The Merger will also apply to any additional share classes launched prior to the Effective Date.

* These share classes will be launched on the Effective Date to facilitate the Merger.

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Global Energy

a sub-fund of Schroder International Selection Fund SICAV

Class A Accumulation EUR (LU0374901568)

This fund is managed by Schroder Investment Management (Luxembourg) S.A., which is a member of the Schroders Group.

Objectives and Investment Policy

Objectives

The fund aims to provide capital growth.

Investment Policy

At least two-thirds of the fund (excluding cash) will be invested in a concentrated range of shares of energy-related companies. The fund will typically hold fewer than 50 companies and has a bias towards smaller and medium sized companies.

The fund focuses our highest conviction investment ideas, which largely comprise traditional oil and gas-based companies, but also can include companies involved in infrastructure, utilities, renewable and alternative energy. The fund will have a bias towards exploration and production companies. The manager focuses on companies with attractive longer term growth prospects, often supported by rising production, which the manager believes are misunderstood and under-valued by the market. We believe that energy is an

on-going investment theme, which should continue to provide compelling returns for investors especially over the long term.

The fund may also invest in other financial instruments and hold cash on deposit. Derivatives may be used to achieve the investment objective and to reduce risk or manage the fund more efficiently.

Benchmark

This share class is not managed with reference to a financial index.

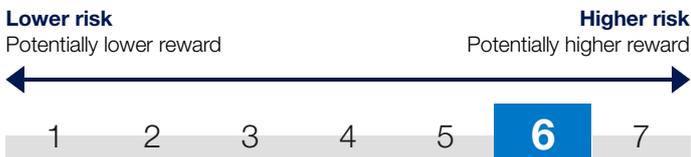
Dealing Frequency

You may redeem your investment upon demand. This fund deals daily.

Distribution Policy

This share class accumulates income received from the fund's investments, meaning it is kept in the fund and its value is reflected in the price of the share class.

Risk and Reward Profile



The risk and reward indicator

The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk-free investment.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

The category also reflects that this share class is in a different currency than the fund currency.

Risk factors

The following risks may affect fund performance.

Counterparty risk: The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund.

Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses.

Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative.

Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news.

Leverage risk: The fund uses derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.

Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.

Charges

One-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	None
Charges taken from the fund over a year	
Ongoing Charge	1.92%
Charges taken from the fund under certain specific conditions	
Performance fee	None

This is the maximum that might be taken out of your money before it is invested.

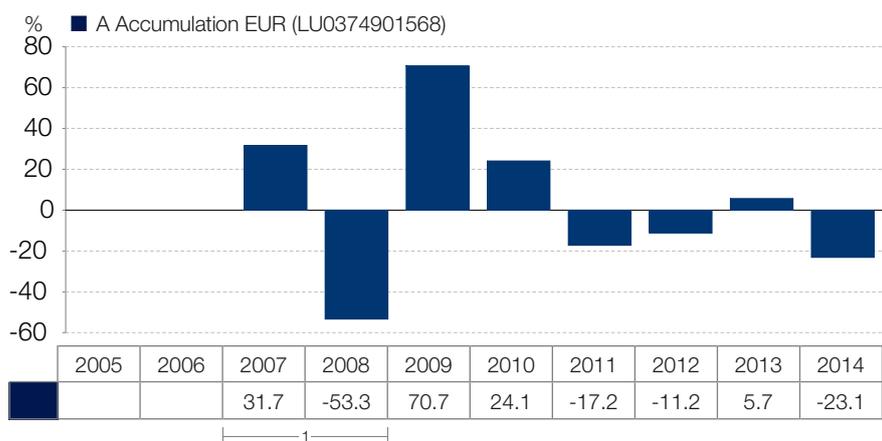
The charges you pay are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

The entry and exit charges shown are maximum figures and in some cases you might pay less. You can find out the actual entry and exit charges from your financial advisor.

The ongoing charges figure is based on the last year's expenses for the year ending May 2015 and may vary from year to year.

You can find more information about the charges in Section 3 of the fund's prospectus.

Past Performance



1 Performance shown during this period predates the launch of this share class and has been simulated using the history of a similar share class within the fund.

Past performance is not a guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the amount you originally invested.

The chart shows performance in euro after the ongoing charges and the portfolio transaction costs have been paid. Entry and exit charges are excluded from calculations of past performance.

The fund was launched on 30 June 2006.

Practical Information

Depository: J. P. Morgan Bank Luxembourg S.A.

Further Information: You can get further information about this fund, including the prospectus, latest annual report, any subsequent half-yearly report and the latest price of shares from the fund's management company at 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg, and from www.schroders.lu/kid. They are available free of charge in Bulgarian, English, French, German, Greek, Hungarian, Italian, Polish, Flemish, Dutch, Portuguese and Spanish.

Tax Legislation: The fund is subject to Luxembourg tax legislation which may have an impact on your personal tax position.

Liability: Schroder Investment Management (Luxembourg) S.A. may be held liable solely on the basis of any statement contained in

this document that is misleading, inaccurate or inconsistent with the relevant parts of the fund's prospectus.

Umbrella Fund: This fund is a compartment of an umbrella fund, the name of which is at the top of this document. The prospectus and periodic reports are prepared for the entire umbrella fund. To protect investors, the assets and liabilities of each compartment are segregated by law from those of other compartments.

Switches: Subject to conditions, you may apply to switch your investment into another share class within this fund or in another Schroder fund. Please see the prospectus for more details.

Glossary: You can find an explanation of some of the terms used in this document at www.schroders.lu/kid/glossary.