

**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 September 2021**

Dear Shareholder,

### **Schroder International Selection Fund – BRIC (Brazil, Russia, India, China) (the “Fund”)**

We are writing to advise you that the investment policy of the Fund has been updated to (i) remove the Fund's typical holding range, (ii) to clarify the Fund's investments in China B-Shares and China H-Shares; and (iii) reflect the increase of the Fund's investment limit from no more than 5% to less than 20% of the Fund's assets (on a net basis) in China A-Shares through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, “Stock Connect”). Indirect exposure to China A-Shares may also be sought for the Fund through investment in financial instruments such as China market access products and other funds with China access through Qualified Foreign Investor status.

The Hong Kong offering documents will also be revised to reflect the following:

The Fund does not currently intend to invest (i) 20% or more of its net asset value in China A-Shares via Stock Connect and (ii) 30% or more of its net asset value directly and indirectly in China A-Shares and China B-Shares.

In addition, the target benchmark of the Fund has been changed from the MSCI BRIC (Net TR) index to the MSCI BRIC (Net TR) 10/40 index. The investment objective of the Fund has been revised as follows to reflect such change:

“The Fund aims to provide capital growth in excess of the MSCI BRIC (Net TR) 10/40 index after fees have been deducted over a three to five year period<sup>Note</sup>, by investing in equity and equity related securities of Brazilian, Russian, Indian and Chinese companies.”

<sup>Note</sup> For clarification purpose, this means to exceed a medium to long term return of the stated index after fees have been deducted. The three to five year period is considered as a medium to long term period, and is the period over which an investor should assess the Fund's performance. The “10/40” index takes into account the “5/10/40” rule applicable to a UCITS fund, which provides that a fund may invest no more than 10% of its net asset value in securities issued by the same issuing body, and the total value of all such investments which individually exceed 5% of the net asset value of the fund must not account for more than 40% of the net asset value of the fund.

The Fund's performance should be assessed against its target benchmark being to exceed the MSCI BRIC (Net TR) 10/40 index.

## **Rationale**

Over time the number of stocks in the Fund's benchmark has increased and in order to avoid constraining the fund manager the existing typical holding range of 25 – 50 companies has been removed.

The permitted exposure to China A-Shares has been increased to less than 20% of the Fund's assets (on a net basis). In recent years, China has increased as a proportion of the Fund's target benchmark and increased exposure is required in order to take larger positions.

All other key features of the Fund will remain the same. Save as disclosed above in relation to the changes to the permitted exposure to China A-Shares, there is no change in the Fund's investment style, investment philosophy, investment strategy, operation or risk profile following these changes.

Any expenses incurred directly as a result of making these changes will be borne by Schroder Investment Management (Europe) S.A., the management company of Schroder International Selection Fund ("Company").

The Hong Kong offering documents of the Company will be revised to reflect the above changes and will be available free of charge at [www.schroders.com.hk](http://www.schroders.com.hk)<sup>1</sup> or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited.

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

Yours faithfully,

The Board of Directors

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<sup>1</sup> This website has not been reviewed by the SFC.