

**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.**

**22 November 2017**

Dear Shareholder,

**Schroder International Selection Fund (the "Company") – China Opportunities A Accumulation HKD Share Class and A Distribution HKD Share Class (collectively the "China Opportunities Fund")**

The China Opportunities Fund is currently an eligible collective scheme under the Capital Investment Entrant Scheme (the "CIES").

This letter only requires action if you invested in the China Opportunities Fund to be qualified under the CIES ("CIES Investors"). If you are not a CIES Investor, you do not need to take any action. If you are not certain of your eligibility and status under the CIES, we advise you to seek professional advice and/or contact the Immigration Department of the Hong Kong Special Administrative Region (the "Immigration Department").

**Summary of key points for CIES Investors**

1. The China Opportunities Fund is currently an eligible collective scheme under the CIES.
2. An application will be submitted to the Immigration Department on 1 December 2017 requesting to remove the status of the China Opportunities Fund as an eligible collective investment scheme under the CIES ("eligible status").
3. It is expected that the removal of the eligible status of the China Opportunities Fund will take effect on 2 April 2018 (the "Expected Effective Date").
4. The removal of the eligible status of the China Opportunities Fund may impact on the qualification of CIES Investors.
5. CIES Investors are advised to switch into other permissible investment assets before the Expected Effective Date in order to continue to be qualified under the CIES.
6. Should you wish to remain invested in an eligible Schroder fund under the CIES, you may do so by switching your holding into either the Schroder International Selection Fund – Hong Kong Dollar Bond or Schroder International Selection Fund – Hong Kong Equity given their ongoing eligible status.

## Removal of the eligible status of the China Opportunities Fund

A key investment requirement for a collective investment scheme to remain eligible under the CIES is at least 70% of its average net assets are invested in permissible investment assets<sup>1</sup> (which includes shares listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollars). Going forward, given its investment strategy and due to changes in the composition of the market, we expect that the China Opportunities Fund may need to invest less than 70% of its average net assets in permissible investment assets in favour of China mainland listed assets.

Accordingly, an application will be submitted to the Immigration Department on 1 December 2017 requesting to remove the eligible status of the China Opportunities Fund. Subject to the processing and approval of the Immigration Department, it is expected that the removal of the eligible status of the China Opportunities Fund will take effect on 2 April 2018, the Expected Effective Date. We will write to you again as soon as practicable after approval is obtained from the Immigration Department<sup>2</sup>.

Importantly, this decision does not impact on the current eligible status of other Schroder funds. Schroder International Selection Fund – Hong Kong Dollar Bond and Schroder International Selection Fund – Hong Kong Equity will retain their eligible status under the CIES.

## Impact on CIES Investors

According to the “Rules for the Capital Investment Entrant Scheme”, as amended by subsequent notices of amendments, issued by the Immigration Department (the “Rules”), applicants/entrants under the CIES are required to invest and thereafter remain invested in permissible investment assets throughout the application period under the CIES (“Portfolio Maintenance Requirement”). Once the eligible status of the China Opportunities Fund has been removed, the China Opportunities Fund will cease to be permissible investment assets under the CIES. As such, we advise CIES Investors to take appropriate action as soon as practicable in order to remain invested in other permissible investment assets to continue to be qualified under the CIES.

## Actions required for CIES Investors who would like to remain qualified under the CIES

To comply with the Portfolio Maintenance Requirement and remain qualified under the CIES, we advise CIES Investors to switch into other permissible investment assets<sup>3</sup> **before** the removal of the eligible status of the China Opportunities Fund takes effect on the Expected Effective Date.

Should you wish to remain invested in an eligible Schroder fund under the CIES, you may do so by switching your holding into either the Schroder International Selection Fund – Hong Kong Dollar Bond or Schroder International Selection Fund – Hong Kong Equity given their ongoing eligible status. Execution of such switch instructions will be in accordance with the provisions of the Company’s prospectus.

The eligibility and status of CIES Investors under the CIES would depend on your individual circumstances. We advise you to seek professional advice and/or contact the Immigration Department regarding your eligibility and status under the CIES.

Finally, we would like to take the opportunity to thank you for your investment with Schroders. If you have any questions or would like more information, please contact your usual professional advisor or Schroder

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<sup>1</sup> Please refer to paragraph 4.1 of the “Rules for the Capital Investment Entrant Scheme” for details of the scope of permissible investment assets.

<sup>2</sup> After the removal of the eligible status of the China Opportunities Fund, it will no longer appear on the list of eligible collective investment schemes under the CIES on the website of the Immigration Department. The list is posted on <http://www.immd.gov.hk/eng/services/hk-visas/capital-investment-entrant/eligible-collective-investment.html>

<sup>3</sup> The Rules prescribe certain requirements in relation to switching between permissible investment assets. Please refer to the Rules for further details.

Investment Management (Hong Kong) Limited at Level 33, Two Pacific Place, 88 Queensway, Hong Kong or calling the Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Rodewald', written in a cursive style.

**Cord Rodewald**  
Authorised Signatory

A handwritten signature in black ink, appearing to read 'N Alter', written in a cursive style.

**Nick Alter**  
Authorised Signatory