

**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 April 2024**

Dear Shareholder,

**Schroder International Selection Fund (the "Company") – Sustainable Multi-Asset Income (the "Fund")**

We are writing to inform you that on 8 May 2024 (the "**Effective Date**") the Fund's income target of 3 - 5% per annum will be removed and the investment objective will change. Accordingly, the Fund's performance will no longer be assessed against such income target. The use of the comparator benchmark will also be updated.

Full details of the changes are set out in the Appendix to this letter.

**Background and rationale**

For over a decade, market conditions enabled explicit income ranges to be featured in the Fund's objective to indicate what an investor could expect as a distribution. However, with the winding down of government quantitative easing, yields have risen sharply and interest rate volatility is unlikely to remain as static going forwards. As a result, the level of income the Fund is able to generate could change significantly and move outside of the target range.

**Investment objective changes**

In order to prevent the Fund's actual dividend payments from falling outside of the target range, the income target of 3-5% per annum will be removed from the investment objective of the Fund from the Effective Date. Accordingly, the Fund's performance will no longer be assessed against such income target. The Fund will aim to provide capital growth in addition to income.

**Update on the use of comparator benchmark**

In addition, the existing comparator benchmark, i.e. 30% MSCI AC World index (hedged to EUR), 40% Barclays Global Aggregate Corporate Bond index (hedged to EUR) and 30% Barclays Global High Yield excl CMBS & EMG 2% index (hedged to EUR), which is used for volatility and sustainability purposes will also be used as a performance comparator from the Effective Date.

### **Implication of the changes**

Save as disclosed above, (i) all other key features of the Fund, which include fees chargeable in respect of the Fund and the distribution policy including the dividend rates for the fixed distribution classes as stated in the Hong Kong offering documents, will remain the same; (ii) there will be no change to the risks applicable to the Fund; and (iii) there will also be no material change in the operation and/or manner in which the Fund is being managed as a result of the changes set out above. The changes are not expected to materially prejudice the rights or interests of existing investors.

The Hong Kong offering documents of the Company will be revised to reflect the changes / updates as set out above and other miscellaneous changes / updates 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.

### **Costs and expenses in respect of the changes**

The Fund will bear any costs and expenses associated with the changes including legal, audit and regulatory charges, which are expected to be insignificant and are estimated to be approximately less than 0.01% of the net asset value of the Fund as of 1 March 2024.

### **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 authorized by the Securities and Futures Commission (the "SFC")<sup>2</sup> before the Effective Date, you may do so at any time up to and including the dealing cut-off at 5:00 p.m. Hong Kong time on **7 May 2024**.

Please ensure that your redemption or switch instruction reaches the Hong Kong Representative or the Company's transfer agent's delegate, The Hongkong and Shanghai Banking Corporation Limited (the "**Delegate**") before this deadline. We or the Delegate will execute your redemption or switch instructions in accordance with the provisions of the Company's Hong Kong offering documents, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local intermediaries might also have a local dealing cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach the Hong Kong Representative or the Delegate before the dealing cut-off at 5:00 p.m. Hong Kong time on **7 May 2024**.

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

<sup>2</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

**Enquiries**

If you have any questions or would like more information, please contact your usual professional advisor or the 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**

## Appendix

Deletions are shown as crossed out text and additions are shown as underlined text.

<b>Current Investment Objective and Benchmark</b>	<b>New Investment Objective and Benchmark</b>
<p><b>Investment Objective</b></p> <p>The Fund aims to provide an income of 3-5% per year by investing in a diversified range of assets and markets worldwide which meet the Investment Manager's sustainability criteria. This is not guaranteed and could change depending on market conditions.</p>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide an income <u>and capital growth</u> of 3-5% per year by investing in a diversified range of assets and markets worldwide which meet the Investment Manager's sustainability criteria. <del>This is not guaranteed and could change depending on market conditions.</del></p>
<p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against the income target of 3-5% per year and the volatility compared against 30% MSCI AC World index (hedged to EUR), 40% Barclays Global Aggregate Corporate Bond index (hedged to EUR) and 30% Barclays Global High Yield excl CMBS &amp; EMG 2% index (hedged to EUR). The comparator benchmark is only included for performance comparison purposes and does not determine how the Investment Manager invests the Fund's assets. The Fund's investment universe is expected to overlap to a limited extent with the components of the comparator benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the comparator benchmark. The Investment Manager will invest in companies or sectors not included in the comparator benchmark. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> <p>The income target has been selected because the Investment Manager deploys strategies that aim to deliver the level of income stated in the investment objective. The comparator benchmark has been selected because the Investment Manager believes that the benchmark is a suitable comparison for</p>	<p><b>Benchmark</b></p> <p><u>The Fund does not have a target benchmark.</u> <del>The Fund's performance should be assessed against the income target of 3-5% per year and the volatility</del> <u>should be</u> compared against 30% MSCI AC World index (hedged to EUR), 40% Barclays Global Aggregate Corporate Bond index (hedged to EUR) and 30% Barclays Global High Yield excl CMBS &amp; EMG 2% index (hedged to EUR). The comparator benchmark is <del>only</del> <u>only</u> included for performance <u>and volatility</u> comparison purposes and does not determine how the Investment Manager invests the Fund's assets. The Fund's investment universe is expected to overlap to a limited extent with the components of the comparator benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the comparator benchmark. The Investment Manager will invest in companies or sectors not included in the comparator benchmark. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> <p><del>The income target has been selected because the Investment Manager deploys strategies that aim to deliver the level of income stated in the investment objective. The comparator benchmark has been selected because the Investment Manager believes that the</del></p>

performance purposes given the Fund's investment objective and policy.	benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.
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