

28 May 2018

Dear Shareholder,

Schroder International Selection Fund — European Equity (Ex UK) Merger with Schroder International Selection Fund— European Alpha Focus

We are writing to advise you that on 4 July 2018 (the “Effective Date”), Schroder International Selection Fund — European Equity (Ex UK) (the “Merging Fund”) will merge with Schroder International Selection Fund — European Alpha Focus (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 27 April 2018.

Background and rationale

Upon review, the board of directors (the “Board”) of Schroder International Selection Fund (the “Company”) has concluded that, given the declining size of the Merging Fund, the better performance of the Receiving Fund and the similarity in strategy between the Merging Fund and 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, the Board believes, will give shareholders access to greater capital growth potential with a similar risk profile. The Merging Fund has approximately EUR 61 million under management as of 8 May 2018 while the Receiving Fund has approximately EUR 113 million under management as of the same date.

Investment objectives and policies

The investment objectives of both the Merging Fund and the Receiving Fund both include the provision of capital growth by investing in equity and equity related securities of European companies, though the Receiving Fund does not exclude UK Companies from its investable universe. In addition, the Receiving Fund has a more concentrated portfolio and may use derivatives for investment purposes.

Share classes and annual investment management fee changes

The table below summarises the annual investment management charges (the AMC) and ongoing charges (the OGC) for the share classes of the Merging Fund and the Receiving Fund.

The Receiving Fund is subject to a performance fee¹ of 10% of the outperformance over MSCI Europe Net TR², subject to a High Water Mark as per the methodology stated in section 3.1 of the prospectus. The synthetic risk and return indicator (the SRRI) of the Receiving Fund and the Merging Fund is the same.

¹ Performance fee is applied to all Share Classes except the I Shares

² For the avoidance of doubt, the above mentioned benchmarks are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style. In relation to currency hedged Share Classes, currency hedged versions of the above mentioned benchmarks (including currency equivalent cash benchmarks) are used for performance fee calculation purposes.

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For your security telephone conversations may be recorded

The base currency of both the Merging Fund and the Receiving Fund is EUR. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found in the appendix.

Share class*	Merging Fund		Receiving Fund	
	AMC	OGC	AMC	OGC ³
A	1.50%	1.88%	1.50%	1.94%
C	0.75%	1.08%	0.75%	1.14%
S**	0.375%	0.70%	0.375%*	0.76%***

* Where share classes are hedged there will be an additional hedging fee and the OGC for these classes will be higher.

** This share class will be launched on the Effective Date to facilitate the Merger.

*** The OGC of this share class are an estimate.

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 Company (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 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.

The Receiving Fund will operate under similar investment criteria and strategy as the Merging Fund but with the market capitalisation limits of the targeted companies are different and the Receiving Fund has a broader investment universe, a more concentrated portfolio and may use derivatives for investment purposes. As a result of the Merger, there will be no change of legal entities acting as investment manager.

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.

³ 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 March 2018.

From 28 May 2018, 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 28 May 2018 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. The exchange ratio of the Merger will be the result of the ratio between the net asset value of the relevant class of the Merging Fund and the net asset value or initial issue price of the relevant class of the Receiving Fund as of the Effective Date. While the overall value of the shareholders' holdings will remain the same, shareholders may receive a different number of shares in the Receiving Fund than they had previously held in the Merging Fund.

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 5 July 2018, 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 27 June 2018.

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 27 June 2018.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on 28 May 2018. 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 27 June 2018 (deal cut-off at 1.00 p.m. on 27 June 2018).

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.

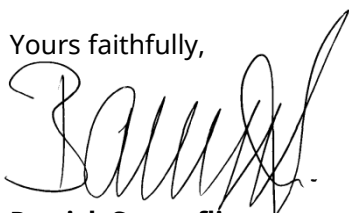
Further information

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,



Patrick Stampfli

Authorised Signatory



Alastair Woodward

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 the Company. Full details are set out in the prospectus and shareholders are also advised to consult the KIID of the Receiving Fund.

	Merging Fund Schroder International Selection Fund — European Equity (Ex UK)	Receiving Fund Schroder International Selection Fund — European Alpha Focus
Prospectus Investment Objective and Policy	<p>Objective</p> <p>The Fund aims to provide capital growth by investing in equity and equity related securities of companies listed in Europe (excluding the UK).</p> <p>Policy</p> <p>The Fund invests at least two-thirds of its assets in equity and equity related securities of companies listed in Europe (excluding the UK).</p> <p>The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in money market instruments and hold cash.</p>	<p>Objective</p> <p>The Fund aims to provide capital growth by investing in equity and equity related securities of European companies.</p> <p>Policy</p> <p>The Fund invests at least 75% of its assets in a concentrated range of equity and equity related securities of companies that are incorporated in the European Economic Area. The Fund will typically hold up to 35 companies. As the Fund is index-unconstrained it is managed without reference to an index.</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may also invest in money market instruments and hold cash.</p>
KIID Objectives and Investment Policy	<p>Objectives</p> <p>The Fund aims to provide capital growth by investing in equities of companies listed in Europe (excluding the UK).</p> <p>Investment Policy</p> <p>The fund invests at least two-thirds of its assets in equities of companies listed in Europe (excluding the UK).</p> <p>The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently. The fund may also invest in money market instruments and hold cash.</p>	<p>Objectives</p> <p>The fund aims to provide capital growth by investing in equities of European companies.</p> <p>Investment Policy</p> <p>The fund invests at least 75% of its assets in a concentrated range of equities of companies that are incorporated in the European Economic Area.</p> <p>The fund aims to generate capital growth through the construction of a concentrated 'best ideas' portfolio. The fund will typically hold up to 35 companies.</p> <p>The fund may use derivatives with the</p>

	Merging Fund Schroder International Selection Fund — European Equity (Ex UK)	Receiving Fund Schroder International Selection Fund — European Alpha Focus
		aim of achieving investment gains, reducing risk or managing the fund more efficiently. The fund may also hold cash.
Investment Manager	Schroder Investment Management Limited	Schroder Investment Management Limited
Synthetic Risk and Reward Indicator (SRRI)	Category 6	Category 6
KIID risk disclosures**	<p>Capital risk / distribution policy: the expenses of this share class are paid out of capital rather than out of investment income. Capital growth will be reduced and in periods of low growth capital erosion may occur.</p> <p>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.</p> <p>Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses.</p> <p>Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative.</p> <p>Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses.</p> <p>Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative.</p> <p>Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news.</p> <p>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.</p> <p>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.</p> <p>Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.</p>

	Merging Fund Schroder International Selection Fund — European Equity (Ex UK)	Receiving Fund Schroder International Selection Fund — European Alpha Focus
	<p>redemptions of its shares.</p> <p>Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.</p>	
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 Fund	Specialist Equity Fund
Fund Currency	EUR	EUR
Launch Date	12 March 2014	03 March 2011
Total Fund Size (EUR million) as at 8 May 2018	EUR 61	EUR 113
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	<p>Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>	<p>Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>
Risk Management Method	Commitment	Commitment
Initial Charge	<p>A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share)</p> <p>C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share)</p> <p>S: None</p>	<p>A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share)</p> <p>C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share)</p> <p>S: None</p>
Management Fees by Share Class	<p>A: 1.50% per annum</p> <p>C: 0.75% per annum</p> <p>S: 0.375% per annum</p>	<p>A: 1.50% per annum</p> <p>C: 0.75% per annum</p> <p>S: 0.375% per annum</p>
Performance Fees	None	10% of the outperformance over MSCI Europe Net TR 2, subject to a High Water Mark as per the methodology in section 3.1. Performance fee of the

	Merging Fund Schroder International Selection Fund — European Equity (Ex UK)	Receiving Fund Schroder International Selection Fund — European Alpha Focus
		prospectus will be applied to all Share Classes except the I Shares.
On-Going Charge	A: 1.88% per annum C: 1.08% per annum S: 0.70% per annum	A: 1.94% per annum C: 1.14% per annum S: 0.76% per annum
Existing and New Share Class Mapping	Existing Share Class Held	New Share Class to be Held
	A Distribution EUR	A Distribution EUR*
	A Distribution GBP	A Distribution GBP*
	A Distribution GBP Hedged	A Distribution GBP Hedged*
	C Distribution EUR	C Distribution EUR*
	C Distribution GBP	C Distribution GBP*
	C Distribution GBP Hedged	C Distribution GBP Hedged*
	S Distribution EUR	S Distribution EUR*
	S Distribution GBP	S Distribution GBP*

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

* This share class will be launched on the Effective Date to facilitate the Merger.