Schroders

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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.

Schroder International Selection Fund
Société d'Investissement à Capital Variable
5, rue Hohenhof
1736 Senningerberg
Grand Duchy of Luxembourg
RCS number B8202
(the "Company")

Notice to shareholders of Schroder International Selection Fund Emerging Europe (the "Fund")

4 July 2022

Reorganisation of the Fund for Russian Assets

Dear Shareholder,

We are writing to you in the context of the unprecedented geo-political situation caused by Russia's invasion of Ukraine and the resultant impact of sanctions and the actions of governments and market counterparties on certain Russian issuers and assets.

These sanctions regimes combined with the partial closure of the Russian Stock Exchange and the resultant inability of market participants to trade and achieve settlement reliably in Russian equities has prevented the Fund from being able to value and dispose of those assets (the "**Russian Assets**").

Consequently, and as published on 28 February 2022, the calculation of net asset value ("**NAV**") per share and dealing of shares in the Fund were suspended with effect from 13.00, Central European Time (19:00 Hong Kong time) on 25 February 2022.

Following the suspension, the board of directors of the Company (the "**Board**") together with Schroder Investment Management (Europe) S.A. ("**SIM EU**"), the management company of the Company, undertook a review of what further action could be taken in order to seek to preserve the remaining value in the Fund, including the potential future value of the Russian Assets and assess options for re-opening the Fund for subscriptions and redemptions in the best interests of its shareholders while maintaining fair treatment for all shareholders.

Split of the Fund to create new share classes for Russian Assets

In this context, and in line with Article 5 of the articles of incorporation of the Company, the Board has decided to reorganise the assets of the Fund by splitting the Fund in order to create new share classes to which the Russian Assets will be allocated (the "**New Classes**" each a "**New Class**") with effect as of 18 July 2022 (the "**Split Date**").

The benefit of this reorganisation is that the Fund will continue to be managed in accordance with its investment objective and policy, which enables shareholders to benefit from the ongoing performance of the Fund's non-Russian Assets whilst retaining (through the New Classes) an interest in the Russian Assets should their value return in the future.

Two New Classes (one for investors already invested in an existing class reserved for institutional investors within the meaning of article 174 of the law of 17 December 2010 and one for all other investors already invested in other existing classes) will be created, to which the portfolio of Russian Assets will be allocated. These classes will be denominated in Euro and will be closed for subscriptions and redemptions. Further details on the key characteristics of the New Classes and how shares in such New Classes will be allocated to investors are included in the Appendix to this letter.

Such New Classes will not be charged any annual distribution charge and annual management charge or charges from the Company's depositary, custodian and fund administrator. The New Classes may be charged class specific charges such as charges for legal services and the Luxembourg *taxe d'abonnement* and other costs related to the Fund as a whole where these are to the benefit of all investors in the Fund – for example those relating to audit services, all in accordance with the provisions of the prospectus of the Company (the "**Prospectus**"). At the point the New Classes are launched, we will transfer cash in the amount of €75,000 from the Fund (approximately 0.4% of the total cash in the Fund, and 0.03% of the total NAV of the Fund) to the New Classes to cover these costs. If the amount of €75,000 is insufficient to cover any such costs relating to the New Classes in the future, SIM EU will bear any such shortfall should the Russian Assets not recover sufficient value. The existing share classes will continue to incur the costs as set out in the Prospectus.

The creation of these New Classes provides the necessary operational solution to ring fence (from an accounting perspective for the purposes of the calculation of the NAV) the Russian Assets from the other investments of the Fund. Whilst there is no legal segregation of assets and liabilities between share classes, accounting segregation between share classes is in place in order so that the liabilities which will arise in connection with the operation of the New Classes will only be allocated to these classes. The accounting segregation applied here will be the same as the methodology used between share classes in other sub-funds of the Company. However the resilience of this accounting ring-fencing might be challenged by creditors and so any liabilities relating to the Russian Assets could still affect the Fund's liquid non-Russian assets. However, given the Russian Assets comprise unleveraged investments in equities, we do not expect any such liabilities to exceed the original value of the investments in the Russian Assets.

On the Split Date, all shareholders of the Fund will be entitled to receive shares in the relevant New Classes calculated on a pro rata basis reflecting their exposure to the Russian Assets, through the existing share classes, as at 25 February 2022. The allocation method of shares in the relevant New Classes is described in the Appendix to this letter.

Following the allocation of the Russian Assets to the New Classes, the Fund through its existing share classes will have no more exposure to Russian equities and will not make any further investments in Russian equities until further notice. This is in line with the Fund's target benchmark from which all Russian equities have been removed.

Way forward for the Fund

The Fund's investment objective and policy, its pricing process and its dealing process in relation to the existing share classes will not be changed at this stage.

The Russian Assets in the New Classes will continue to be valued according to the valuation principles set out in the Prospectus and Schroders' valuation policy, like any assets in the Fund and the Company. As at the date of this letter, the Russian Assets are valued at zero. SIM EU together with the Board have responsibility for continuing to monitor the appropriateness of the valuation based on the prevailing market indicators.

Should the Russian market start to trade more normally, the Board will decide when and how to realise the Russian Assets taking into account the best interests of shareholders and at the best available realisable price to the extent possible so that the Fund will return value to shareholders in the New Classes on the realisation of Russian Assets over time. No individual investors will be able to affect the timing of the return of any value of the Russian Assets. Any value in the Russian Assets will be returned as and when liquidity is available. This may therefore be in tranches or all at the same time. The realisation of Russian Assets will be made at the level of the Fund, but separately from the non-Russian Assets attributable to the existing share classes, in a manner to ensure fair and equal treatment of all those shareholders who were allocated shares in the New Classes.

Tax

We do not believe that the creation of the New Classes and the associated changes described in this letter should of themselves have any significant effect on most types of investors from a tax perspective, but investors' own circumstances may vary. The creation of the New Classes should have no Hong Kong profits tax implications to the Fund. Generally, shareholders should not be liable to Hong Kong profits tax on gains realised on the disposal of shares, except where the acquisition and disposal of shares are or form part of a trade, profession or business carried on by the shareholders in Hong Kong and the gains are revenue in nature for Hong Kong profits tax purposes. The classification of a gain as revenue or capital will depend on the particular circumstances of the shareholders. Shareholders should take advice from their own professional advisors as to their particular tax position.

Lifting of suspension

As a consequence of this reorganisation of the Fund, the suspension of calculation of the NAV and dealing in shares in the Fund will be lifted with effect from 18 July 2022. For the avoidance of doubt, the suspension will only be lifted in relation to the existing share classes of the Fund (and not the New Classes which are listed in the Appendix to this letter).

The Fund's total NAV on the last dealing day before the Fund was suspended, 25 February 2022, was EUR554,433,333. The Fund's NAV per share on its last dealing day prior to suspension and its latest available informative NAV per share for those share classes distributed in Hong Kong are as follows:

Share class	Currency	NAV per share on the Fund's last dealing day (25 February 2022)[1]	Informative NAV per share as of 15 June 2022
SISF Emerging Europe A Dis AV	EUR	19.5815	8.1937
SISF Emerging Europe A Acc	EUR	27.5745	11.5381
SISF Emerging Europe A1Acc	EUR	25.5009	10.6543
SISF Emerging Europe A Dis AV	GBP	16.3945	7.06
SISF Emerging Europe A1 Acc	USD	28.5442	11.0509

All dealing instructions that have been received after 5:00 p.m. Hong Kong time on 25 February 2022 (the last dealing day before the NAV and dealing suspension) and which have not been withdrawn by 4.59 p.m. Hong Kong time on 18 July 2022 will be dealt with as of 18 July 2022. For any submitted redemption requests that are not withdrawn by such time, only shares attributable to the non-Russian Assets portion of any holding in the Fund will be dealt with. As per normal practice, such redemption requests can be submitted for either a certain number of shares held or a certain value of an investor's holdings in the Fund, in accordance with Prospectus.

Further information

Information relating to the Fund, including an informative NAV per Share of the New Classes will be made available on our website at:
https://www.schroders.com/en/lu/private-investor/fund-centre/fund-notifications/schroder-isf/
This website has not been reviewed by the Securities and Futures Commission.

Any important information regarding the New Classes and the realisation of the Russian Assets will also be notified to the holders of shares in the New Classes. We will provide periodic updates to investors, and will keep investors informed of any material developments relating to the Fund.

The articles of association of the Company and other material contracts and documents of the Company, including the Hong Kong offering documents of the Company (which includes the product key facts statements of the Fund) are available for inspection at Schroder Investment Management (Hong Kong) Limited (the "**Representative**")'s registered office, located at Level 33, Two Pacific Place, 88 Queensway, Hong Kong, during normal business hours.

For further information please contact your usual professional advisor or the Representative at its registered office or calling the Schroders Investor Hotline on (+852) 2869 6968.

For and on behalf of the Board

[1] The value of the Russian Assets was determined on the basis of the last available price on the relevant stock exchanges as of 25 February 2022 in calculating the NAV per share on 25 February 2022.

APPENDIX

Further details of the New Classes

1. Key characteristics of the New Classes

Designation	X9	Y9
Eligible holders	**Institutional**	**Non Institutional**
Distribution Frequency	**Accumulation**	**Accumulation**
Currency	EUR	EUR
Hedging Status	Unhedged	Unhedged
ISIN	LU2473380983	LU2473381015
SEDOL	BMH3YV4	BMH3YW5
CUSIP	BSDB7EV32	BSDB7EVF5

Given the current uncertainty over when the Fund may be able to realise the Russian Assets and so return value to shareholders in the New Classes, for administrative simplicity the New Classes will only be Euro-denominated unhedged share classes. If the Fund is able to distribute any value in the Russian Assets, investors will receive any distribution in the same currency as they currently hold their interest in the Fund. Any such amount will be converted at the prevailing FX rate at that time at no cost to the shareholder.

The voting rights of the New Classes will be the same as those of the existing share classes of the Fund. Each shareholder has the right to one vote for each whole share held.

How many shares in each of the New Classes will be issued and how are these allocated to holders of the existing share classes?

The Fund's total NAV as at 25 February 2022 was 554,433,333 Euro.

There will be issued 1,000,000 shares in the two New Classes that will be allocated to shareholders to reflect their pro rata entitlements to the Russian Assets.

Each shareholder will be allocated a number of shares in the New Classes that reflects their percentage holding in the Fund's aforementioned total NAV as at 25 February 2022.

To effect of the foregoing, the shares held by investors have been valued using the NAV per share on 25 February. Consequently, new shares in the New Classes will be issued to holders of the existing share classes as set out below.

Share Class	**Share Class ISIN**	**TA code**	**Number of existing shares**	**NAV 25th February (EUR)**	**Total Net Asset Value (EUR)**	**% of the Fund held**	**Number of new shares**	**Ratio**
A	LU0106820458	IEMEA	790,827	19.58	15,485,642	2.79%	27,931	3.53%
B	LU0106824104	IEMEB	21,336	17.43	371,899	0.07%	671	3.14%
C	LU0106824443	IEMEC	110,954	21.53	2,388,724	0.43%	4,308	3.88%

A	LU0106817157	IEMED	6,821,031	27.57	188,086,632	33.92%	339,241	4.97%
B	LU0106819104	IEMEE	716,268	24.17	17,313,672	3.12%	31,228	4.36%
C	LU0106820292	IEMEF	9,442,568	31.76	299,941,101	54.10%	540,987	5.73%
A1	LU0133716950	IEMEG	499,882	25.50	12,747,492	2.30%	22,992	4.60%
I	LU0134345577	IEMEI	43,491	39.78	1,729,870	0.31%	3,120	7.17%
IZ	LU2166138649	IEMEZ	15	93.74	1,406	0.00%	3	16.91%
A	LU0242609179	CEMEA	67,366	19.55	1,316,815	0.24%	2,375	3.53%
A	LU0994294378	GEMED	15,753	27.80	437,866	0.08%	790	5.01%
A1	LU0251572144	BEMEG	575,290	25.40	14,612,213	2.64%	26,355	4.58%
					554,433,333	**100.00%**	**1,000,000**	

As an illustration, a shareholder holding 10,000 shares in share class LU0106820458 will be allocated, by applying the 3.53% ratio set forth in the above table, 353 shares in the New Class. The ratio is calculated by dividing the total number of new shares within the New Class allocated to holders of an existing share class by the total number of shares in that existing share class.

Shareholders will only receive shares in the relevant New Class where their pro rata entitlement to the New Class is greater than 0.01 of a share in that New Class. Consequently shareholders whose entitlement is less than that will not receive any percentage of a share in a New Class.

The figures above under the columns entitled “% of the Fund held”, “Number of new shares” and “Ratio” have been rounded to 2 decimal places. The calculation of the data in the table above and the allocation of the New Classes is made on the basis of unrounded figures.