

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.

18 August 2023

Dear Shareholder,

Schroder International Selection Fund (the "Company") – Emerging Markets Debt Absolute Return (the "Fund")

We are writing to inform you that on 21 September 2023 (the "**Effective Date**") the name, investment objective and policy of the Fund will change and a new comparator benchmark will be adopted.

Full details of the relevant changes are set out in the Appendix to this letter. In addition, the Fund's commitment to invest a minimum proportion of 5% of its assets in sustainable investments will be removed.

Background and rationale

The Fund currently has an "Absolute Return" objective which means that it seeks to provide a positive return over a 12 month period in all market conditions. Further, funds with an "Absolute Return" objective typically make use of short positions, leverage and employ market neutral strategies, but the Fund does not employ these techniques or instruments.

Following our review of the implementation of the Fund's investment policy, we believe that the Fund's strategy and return profile is better suited to a "Total Return" objective which means a combination of capital growth and income.

Investment objective and policy changes and removal of target benchmark

Due to the rationale set out above, the investment objective of the Fund will change from the "Absolute Return" objective to a "Total Return" objective with effect from the Effective Date. As the existing "Absolute Return" objective currently acts as a performance target of the Fund, the shift away from the existing investment objective means the Fund will no longer have a target benchmark from the Effective Date. The investment policy of the Fund will also be revised to remove the aim of the Fund to deliver an absolute return.

For the avoidance of doubt, the Fund's core objective of investing in emerging markets debt will not change. However, the investment objective of the Fund will be revised to clarify that the fixed and floating rate securities in emerging markets that the Fund invest in are securities that are issued by governments, government agencies, supra nationals and companies in emerging markets.

In addition, the Fund is classified as Article 8 under the Sustainable Finance Disclosure Regulation and the overall portfolio is managed with a view to meeting various sustainability criteria, detailed in the investment policy and in the pre-contractual disclosures in Appendix IV of the Company's prospectus. One of the criteria is a commitment to invest at least 5% of the Fund's assets in sustainable investments. Following further consideration, the investment manager believes that this requirement constrains the investment strategy of the Fund and therefore from the Effective Date this requirement will be removed. This means that while the Fund will continue to be managed according to its binding sustainability criteria, namely the requirement to maintain a higher overall sustainability score than a benchmark, there will no longer be a requirement for a minimum of 5% of the individual holdings to be sustainable investments.

Name change

From the Effective Date, the English name of the Fund will change from "Schroder International Selection Fund Emerging Markets Debt Absolute Return" to "Schroder International Selection Fund Emerging Markets Debt Total Return" but the Chinese name of the Fund will remain unchanged.

Investment policy update

The Fund's investment policy has also been updated to reflect that (i) the Fund may invest up to 15% of its assets in mainland China through regulated markets (including the CIBM via Bond Connect or CIBM Direct); and (ii) in exceptional circumstances during periods of high market volatility, the Fund may hold up to 40% of its assets in deposits and money market investments in developed markets. In such instances, the two-thirds referenced in the Fund's investment policy will be measured against the Fund's assets excluding deposits and money market investments in developed markets.

Addition of comparator benchmark

Further, in order to allow a performance comparison for the Fund, a new comparator benchmark of the Fund, i.e. 50% JPM GBI-EM Diversified Index and 50% JPM EMBI Diversified Index, will be adopted from the Effective Date.

Implication of the changes

Save as disclosed above, (i) all other key features of the Fund (including fees chargeable in respect of the Fund as stated in the Hong Kong offering documents) will remain the same; (ii) there will be no material change to the risks applicable to the Fund other than the existing risk relating to absolute return objective will no longer be applicable; 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 also 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.hk¹ 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 19 May 2023.

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 ("SFC")² 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 20 September 2023. Please ensure that your redemption or switch instruction reaches the Hong Kong Representative before this deadline. We 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 before the dealing cut-off at 5:00 p.m. Hong Kong time on 20 September 2023.

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

¹ This website has not been reviewed by the SFC.

² 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.

Appendix

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

Current investment objective and policy	New investment objective and policy
<p>Investment objective</p> <p>The Fund aims to provide an absolute return of capital growth and income after fees have been deducted by investing in fixed and floating rate securities in emerging markets.</p> <p>Absolute return means the Fund seeks to provide a positive return over a 12 month period in all market conditions, but this cannot be guaranteed and your capital is at risk.</p>	<p>Investment objective</p> <p>The Fund aims to provide an absolute return of capital growth and income after fees have been deducted by investing in fixed and floating rate securities <u>issued by governments, government agencies, supra nationals and companies</u> in emerging markets.</p> <p>Absolute return means the Fund seeks to provide a positive return over a 12 month period in all market conditions, but this cannot be guaranteed and your capital is at risk. The Fund is designed to participate in rising markets while aiming to mitigate losses in falling markets through the use of cash and derivatives. The mitigations of losses cannot be guaranteed.</p>
<p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate securities, currencies and Money Market Investments in emerging markets. The fixed and floating rate securities are issued by governments, government agencies, supra-nationals and companies. The Fund may also hold cash.</p> <p>In aiming to deliver an absolute return, the Fund may hold up to 40% of its assets in cash and Money Market Investments in developed markets.</p> <p>The Fund may invest in excess of 50% of its assets in fixed and floating rate securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).</p>	<p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate securities, currencies and Money Market Investments in emerging markets. The fixed and floating rate securities are issued by governments, government agencies, supra-nationals and companies. The Fund may also hold cash.</p> <p>In aiming to deliver an absolute return, In exceptional circumstances during periods of high market volatility, the Fund may hold up to 40% of its assets in cash deposits and Money Market Investments in developed markets. <u>In such instances, the two-thirds referenced above will be measured against the Fund's assets excluding deposits and Money Market Investments in developed markets.</u></p>

<p>The Fund may invest in mainland China through Regulated Markets (including the CIBM via Bond Connect or CIBM Direct).</p> <p>The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds and warrants (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a higher overall sustainability score than 50% JPM GBI-EM Diversified Index and 50% JPM EMBI Diversified Index based on the Investment Manager’s rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under “Sustainability Information” on the Fund’s webpage, accessed via www.schroders.com/en/lu/private-investor/gfc³</p>	<p>The Fund may invest in excess of 50% of its assets in fixed and floating rate securities that have a below investment grade credit rating (as measured by Standard & Poor’s or any equivalent grade of other credit rating agencies).</p> <p>The Fund may invest <u>up to 15% of its assets</u> in mainland China through Regulated Markets (including the CIBM via Bond Connect or CIBM Direct).</p> <p>The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds and warrants (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a higher overall sustainability score than 50% JPM GBI-EM Diversified Index and 50% JPM EMBI Diversified Index based on the Investment Manager’s rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under “Sustainability Information <u>Sustainability-Related Disclosure</u>” on the Fund’s webpage, accessed via http://www.schroders.com/en/lu/private-investor/gfc⁴</p>
<p>Benchmark</p> <p>The Fund’s performance should be assessed against its objective of providing a positive return over a 12-month period in all market conditions.</p>	<p>Benchmark</p> <p>The Fund’s performance should be assessed against its objective of providing a positive return over a 12-month period in all market conditions. <u>The Fund does not have a target benchmark. The Fund’s performance should be compared against 50% JPM GBI-EM</u></p>

³ This website has not been reviewed by the SFC.

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<p>The target benchmark has been selected because the target return of the Fund is to deliver the return of that benchmark as stated in the investment objective.</p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p>	<p><u>Diversified Index and 50% JPM EMBI Diversified Index. The comparator 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 materially 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.</u></p> <p>The target comparator benchmark has been selected because the target return of the Fund is to deliver the return of Investment Manager believes that the benchmark as stated in is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p>
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