

**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.**

30 November 2022

Dear Shareholder,

## **Schroder International Selection Fund (the "Company") – Healthcare Innovation (the "Fund")**

We are writing to inform you that the Fund's classification under the Sustainable Finance Disclosure Regulation ("**SFDR**") will change from a fund falling under Article 9 to Article 8 on 1 January 2023 (the "**Effective Date**").

### **Background and rationale**

The Fund adopts a thematic approach to investment and invests at least 75% of its assets in sustainable investments, which are investments in companies that contribute towards the advancement of one or more of the United Nations Sustainable Development Goals (UN SDGs) by promoting growth in healthcare provision and medical treatments and improving healthcare standards using an innovation-led approach. As a result of the SFDR's regulatory clarification that a fund with a sustainable investment objective should only make sustainable investments (excluding neutral assets such as cash), the investment manager considers the Fund will no longer meet the requirements of an Article 9 fund under SFDR, as it holds some non-sustainable investments within the remaining 25% of its assets, specifically holdings in industries adjacent to healthcare or healthcare-related services.

Given the Fund's investment manager's desire to maintain the current investment approach which it considers is in the best interests of the investors of the Fund, we have decided that the Fund should qualify under SFDR as an Article 8 fund rather than an Article 9 fund. This change will result in limited changes to the disclosures of the Fund's investment objective and sustainability risk consideration, which are shown in Appendix 1 to this letter. The amendments are for clarification only and there will be no change in the Fund's investment style, investment philosophy, investment strategy and the operation and/or manner in which the Fund is being managed. The risk and return profile and fees of the Fund will also remain the same.

The Hong Kong offering documents of the Company will be revised to reflect the above change / amendments 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.

### **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 30 December 2022. 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 30 December 2022.

### **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**

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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.

## Appendix 1

Deletions are shown as crossed out text and new wordings are shown as underlined text

### ***Investment Objective***

The Fund aims to provide capital growth by investing in equity and equity related securities of healthcare and medical related companies worldwide which ~~the Investment Manager deems to be sustainable investments~~ meet the Investment Manager's sustainability criteria.

### ***Investment Policy***

The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies worldwide, which are engaged in healthcare provision, medical services and related products.

The Fund invests at least 75% of its assets in sustainable investments, which are investments in companies that contribute towards the advancement of one or more of the UN SDGs by promoting growth in healthcare provision and medical treatments and improving healthcare standards using an innovation-led approach (please see the Fund Characteristics section for more details).

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/gfc](http://www.schroders.com/en/lu/private-investor/gfc). The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).

The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to two years.

The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment

Manager's approach to sustainability and its engagement with companies are available on the website [www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures](http://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures).

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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### ***Specific Risk Considerations***

The Fund has environmental and/or social characteristics (within the meaning of Article 9 ~~8~~ SFDR).

A Fund with these characteristics ~~this objective~~ may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As Investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.