

**Schroder International Selection Fund**  
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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.**

**7 January 2022**

Dear Shareholder,

## **Schroder International Selection Fund — Frontier Markets Equity**

We are writing to advise you that a sub-fund of Schroder International Selection Fund (the "Company") in which you are invested is due to receive assets from another sub-fund of the Company through a merger.

On **21 February 2022** (the "Effective Date"), Schroder International Selection Fund — Middle East (the "Merging Fund") will merge into Schroder International Selection Fund — Frontier Markets Equity (the "Receiving Fund"). Dealing in the Receiving Fund will not be interrupted by the merger. This merger is not expected to have any impact on your investment. The size of the Merging Fund represents approximately 14% of the Receiving Fund as at 30 September 2021. We have provided full details of this merger below.

### **Background and rationale**

The Merging Fund and Receiving Fund have a similar investment approach and risk profile, and given the relative size of the two funds, we believe that shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The Merging Fund has approximately USD 57 million under management as of 30 September 2021 while the Receiving Fund has approximately USD 403 million under management as of the same date.

A merger into the Receiving Fund offers investors of the Merging Fund an alternative sub-fund with greater fund size and a broadly similar investment approach; both the Merging Fund and the Receiving Fund focus on providing capital growth by investing in equity and equity related securities of companies. The investment exposure of both the Merging Fund and the Receiving Fund offers some commonality across companies and regions although the Merging Fund has its main geographical focus in the Middle East, as well as in emerging Mediterranean markets and North Africa, while the Receiving Fund has its main geographical focus in frontier emerging markets, which currently include Asia, Eastern Europe, Latin America, the Middle East and Africa. As of end September 2021, the Receiving Fund had approximately 41% of its exposure in Asia, approximately 18% of its exposure in Europe, approximately 30% of its exposure in the Middle East and North Africa, and approximately 6% of its exposure in sub-Saharan Africa.

In addition, the greater size of the Receiving Fund can offer the potential for additional economies of scale following the merger with the Merging Fund. The decision to merge the Merging Fund into the Receiving Fund is in accordance with Article 5 of the articles of incorporation of the Company (the "Articles") and the

provisions of the prospectus of the Company (the "Prospectus") and is in the interest of both funds' shareholders.

### **Impact on the Receiving Fund's investment portfolio and performance**

The Receiving Fund will continue to be managed in line with its investment objective and strategy after the merger. Prior to the merger the Merging Fund will dispose of any assets that are not in line with the Receiving Fund's investment portfolio (i.e. investments held by the Merging Fund but not the Receiving Fund). The Receiving Fund's investment portfolio will not need to be rebalanced before or after the merger. Consequently, the Board does not foresee any material impact on the Receiving Fund's investment portfolio or performance as a result of the merger.

### **Expenses and costs of the merger**

The expenses incurred in the merger, including the legal, audit and regulatory charges, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the "Management Company"). The remaining shareholders of the Merging Fund will bear the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund at the time such disposal is made.

### **Effective date and rights of shareholders**

The merger will be implemented on the Effective Date (as defined above). As a shareholder in the Receiving Fund you have the right to redeem your holding or switch it into the same share class of one or more of the Company's other sub-funds prior to the merger. If you do not wish to continue to hold shares in the Receiving Fund you have the right to redeem your holding in the Receiving Fund or switch into another sub-fund of the Company authorised by the Securities and Futures Commission ("SFC")<sup>1</sup> at any time up to and including the dealing cut-off at 5:00 p.m. (Hong Kong time) on **21 February 2022**. Your redemption or switch instructions will be executed 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 agents 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 Representative in Hong Kong, Schroder Investment Management (Hong Kong) Limited, before the dealing cut-off at 5:00 p.m. (Hong Kong time) on **21 February 2022**.

### **Exchange ratio and treatment of accrued income**

On the Effective Date, the net assets and liabilities of the Merging Fund, including any accrued income, will be calculated in its final net asset value per share for each share class. Shareholders in the Merging Fund will be issued shares of an equal amount by value of shares in the Receiving Fund at the net asset value per share calculated on that day or at the initial issue price for the corresponding share class. Any accrued income will be accounted for on an on-going basis in the net asset value per share for each share class in the Receiving Fund. Any income accrued in the Receiving Fund prior to the merger will not be affected.

### **Tax status**

The merger and the subsequent termination of the Merging Fund should have no Hong Kong profits tax implications to the Merging Fund or the Receiving 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

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<sup>1</sup> SFC authorisation is not a recommendation or endorsement of a fund nor does it guarantee the commercial merits of the fund or its performance.

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.

### **Further information**

We advise you to read the current Hong Kong offering documents (including the product key facts statements ("KFS") of the Receiving Fund) together with latest notices issued in relation to the Merging Fund and the Receiving Fund, which are available free of charge at [www.schroders.com.hk](http://www.schroders.com.hk)<sup>2</sup> or upon request from the Representative. The articles of association of the Company and other material contracts and documents of the Company are available for inspection at the Representative's registered office, located at Level 33, Two Pacific Place, 88 Queensway, Hong Kong, during normal business hours. Luxembourg law requires that an audit report be prepared by the Company's approved statutory auditor in relation to the merger. This audit report 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 have any questions or would like more information, please contact your usual professional advisor or the Representative at its registered office or calling the Schroders Investor Hotline on (+852) 2869 6968.

The Board of Directors

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<sup>2</sup> This website has not been reviewed by the SFC.