

**10 February 2023**

Dear Shareholder,

**Schroder International Selection Fund (the “Company”) — European Large Cap merger with Schroder International Selection Fund — European Sustainable Equity**

We are writing to advise you of a merger between Schroder International Selection Fund — European Large Cap (the “Merging Fund”) and Schroder International Selection Fund — European Sustainable Equity (the “Receiving Fund”) (the “Merger”) on **19 April 2023** (the “Effective Date”). 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.

**Background and rationale**

The Merging Fund and the Receiving Fund have a similar investment approach and, given the potential economies of scale to be achieved via the Merger, we believe that shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The rationale for the Merger is to utilise the opportunity to grow the Receiving Fund’s strategy. The direction of travel of Schroders’ fund ranges has been firmly towards sustainability in recent years. Although both the Merging Fund and the Receiving Fund have environmental and/or social characteristics within the meaning of Article 8 under the Sustainable Finance Disclosure Regulation, the Receiving Fund has a higher sustainability hurdle, which better aligns with Schroders’ sustainability strategy. The net asset value of the Merging Fund was approximately EUR 162 million as of 3 October 2022 while the net asset value of the Receiving Fund was approximately EUR 41 million as of the same date.

Both the Merging Fund and the Receiving Fund are managed by the same investment manager and team, using broadly the same investment process. The Merging Fund maintains a carbon exposure below that of the MSCI Europe (Net TR) index and maintains a higher overall sustainability score than the MSCI Europe (Net TR) index, based on the investment manager’s rating system.

The Receiving Fund maintains a higher overall sustainability score than the MSCI Europe (Net TR) index, based on the investment manager’s rating system.

The Merging Fund applies governance and sustainability criteria when selecting investments for the fund.

The Receiving Fund’s investment policy states that the Receiving Fund invests in companies that have good governance practices, as determined by the investment manager’s sustainability rating criteria. The investment manager may also engage with companies held in the Receiving Fund to challenge identified areas of weakness on sustainability issues.

While there will no longer be a commitment to maintain carbon exposure below that of the MSCI Europe (Net TR) index (as in the case of the Merging Fund), the commitment to maintain a higher overall sustainability score than the MSCI Europe (Net TR) index will be unchanged. We believe that the inclusion

of measurable sustainability characteristics within the investment policy is beneficial for the shareholders in the Merging Fund.

We believe it is in the interest of both funds' shareholders to merge the Merging Fund into the Receiving Fund. This decision has been made in accordance with Article 5 of the articles of incorporation of Schroder International Selection Fund (the "Company") and the provisions of the Prospectus.

### **Comparison of the investment objectives and policies**

The investment objectives of both the Merging Fund and the Receiving Fund include the provision of capital growth in excess of the MSCI Europe (Net TR) index net of fees over a three to five-year period. Both the Merging Fund and the Receiving Fund share the same target benchmark (MSCI Europe (Net TR) Index). The Merging Fund states in the investment policy that at least two-thirds of its assets are invested in equity and equity related securities of large-sized European companies, and that its investment universe is expected to overlap materially with the components of the target benchmark. The Receiving Fund does not state the market capitalisation of its holdings in its investment objective nor in its investment policy, and it states that its investment universe is expected to overlap to a limited extent with the components of the target benchmark. However, the Merging Fund and the Receiving Fund share similar investment styles as evidenced by the categorisation of both funds within the Morningstar Europe Large Cap Blend Equity category.

There is a difference between the Merging Fund and the Receiving Fund's use of derivatives. Both the Merging Fund and the Receiving Fund may use derivatives for the purposes of reducing risk or managing the respective funds more efficiently, but the Receiving Fund may also use derivatives for the purpose of achieving investment gains

Both the Merging Fund and the Receiving Fund take into account sustainability criteria when selecting investments as described in the previous section.

### **Comparison of the risk profiles, share classes and annual investment management fees**

The base currency of both funds is EUR. 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 to this notice.

As a result of this Merger, the extent of the change to the risk/reward profile of the Receiving Fund is non-significant.

The table below summarises the annual investment management charges (the "AMC") and ongoing charges<sup>1</sup> (the "OGC") for the share classes of the Merging Fund and the Receiving Fund. Shareholders in the Merging Fund will be charged the same or lower AMC as a result of the Merger. While some classes of the Receiving Fund may have a slightly higher OGC, we believe that the larger combined assets under management of the Merging Fund and the Receiving Fund will offer potential economies of scale to both sets of investors.

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<sup>1</sup> The OGC is based on the expenses for the year ended 31 December 2021. This figure may vary from year to year. 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.

Merging Fund Share Class	AMC	OGC	Receiving Fund Share Class	AMC	OGC
A Acc EUR	1.25%	1.59%	A Acc EUR	1.25%	1.59%
A Dis AV EUR	1.25%	1.59%	A Dis AV EUR <sup>1</sup>	1.25%	1.59% <sup>2</sup>
C Acc EUR	0.625%	0.91%	C Acc EUR	0.625%	0.92%
C Dis AV EUR	0.625%	0.91%	C Dis AV EUR <sup>1</sup>	0.625%	0.92% <sup>2</sup>

### 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 5.00 p.m. Singapore time on the dealing day. Orders that reach the Singapore Representative, Schroder Investment Management (Singapore) Limited 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.

### Investment Manager

As a result of the Merger, there will be no change of legal entity acting as investment manager, which remains Schroder Investment Management Limited.

### Costs and expenses of the Merger

The Merging Fund has no unamortised preliminary expenses or outstanding set-up costs. The expenses incurred in the Merger (other than the market-related transaction costs described below), including the legal, audit, administrative and regulatory charges, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the "Management Company").

### Disposal of non-common holdings

Prior to the Merger, the Merging Fund will dispose of any assets that are not in line with the Receiving Fund's investment portfolio.

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. It is not expected that such transaction costs will be significant or have a material impact on the shareholders of the Merging Fund.

From 10 February 2023, the Merging Fund's net asset value per share ("NAV") will be adjusted down each time there is a net outflow from the Merging Fund by means of a dilution adjustment. This is in order to account for the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund's portfolio, or associated with redemption or switch orders received during the period leading up to the Merger. In the event that there are net inflows to the Merging Fund

<sup>1</sup> This share class will be launched prior to the Effective Date to facilitate the Merger.

<sup>2</sup> This is an indicative figure, derived from the difference in OGC between share classes that exist for both funds.

during this period, the NAV per share will be adjusted upwards. The intention of the adjustment is to protect existing and continuing shareholders in the Merging Fund from bearing any market-related transaction costs and to apportion these costs appropriately. However, any transaction costs are unlikely to be significant and they will not have a material impact on the shareholders of the Receiving Fund or the Merging Fund.

Further information relating to dilution adjustments is available in the Singapore Prospectus in section 8.1 "Net Asset Value". The Prospectus is available at <http://www.schroders.com.sg>.

### **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 of the Merging Fund will receive an equal amount by value of shares of the corresponding class in the Receiving Fund. The exchange ratio of the Merger will be the result of the ratio between the NAV of the relevant class of the Merging Fund and the NAV or initial issue price of the relevant class of the Receiving Fund, adjusted for any market-related transaction cost in relation to dilution adjustment, as of the Effective Date. This will be calculated in accordance with the provisions of the Prospectus.

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 NAV per share of the Merging Fund and will be accounted for after the Merger in the NAV per share of the Receiving Fund. The Receiving Fund will not bear any additional income, expenses and liabilities attributable to the Merging Fund accruing after the Effective Date.

On the Effective Date, you will become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Merging Fund.

The first dealing date for your shares in the Receiving Fund will be the **20 April 2023**, the related deal cut-off for this dealing day being 5.00 p.m. Singapore time

### **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 Schroders fund at any time up to and including the dealing day on **12 April 2023**. After the dealing cut-off time that day, redemptions and switches from the Merging Fund will not be accepted.

Local agents may 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 Singapore Representative before the 5.00 p.m. Singapore time deal cut-off on **12 April 2023**.

No subscriptions or switches into the Merging Fund from new investors will be accepted after deal cut-off on 10 February 2023.

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 deal cut-off at 5.00 p.m. Singapore time on **29 March 2023**.

**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, so we recommend that you seek independent professional advice in these matters.

**Further information**

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 Singapore Representative.

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 Schroders' Investor Hotline at +65 6534 4288

Yours faithfully,

Schroder Investment Management (Singapore) Ltd

This is a computer generated letter and requires no signature.

## 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

	<b>Merging Fund Schroder International Selection Fund — European Large Cap</b>	<b>Receiving Fund Schroder International Selection Fund — European Sustainable Equity</b>
<b>Prospectus Investment Objective and Policy</b>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the MSCI Europe (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of European large-sized companies.</p>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the MSCI Europe (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of European companies which meet the Investment Manager’s sustainability criteria.</p>
	<p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of large-sized European companies. These are companies which, at the time of purchase, are considered to be in the top 80% by market capitalisation of the European equities market.</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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a carbon exposure below that of the MSCI Europe (Net TR) index, and maintains a higher overall sustainability score</p>	<p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of European companies.</p> <p>The Fund maintains a higher overall sustainability score than MSCI Europe (Net TR) index, based on the Investment Manager’s rating system. More details on the investment process used to achieve this can be found in the ‘ Fund Characteristics section. 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 <a href="http://www.schroders.com/en/lu/private-investor/gfc">www.schroders.com/en/lu/private-investor/gfc</a>.</p> <p>The Fund invests in companies that have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</p>

	<p>than the MSCI Europe (Net TR) index, based on the Investment Manager's rating system. 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 <a href="http://www.schroders.com/en/lu/private-investor/gfc">www.schroders.com/en/lu/private-investor/gfc</a>.</p>	<p>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 <a href="http://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures">www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures</a>.</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, warrants and Money Market Investments, and hold cash (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><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Europe (Net TR) index, and compared against the Morningstar Europe Large Cap Blend Equity Category. The Fund's investment universe is expected to overlap materially with the components of the target benchmark. The comparator benchmark is only included for performance comparison purposes and does not determine how the Investment Manager invests the Fund's assets. 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 target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment</p>	<p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI Europe (Net TR) index and compared against the Morningstar Europe Large Cap Blend Equity Category. The Fund's investment universe is expected to overlap to a limited extent with the components of the target benchmark. The comparator benchmark is only included for performance comparison purposes and does not determine how the Investment Manager invests the Fund's assets. 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 target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.</p>

	<p>opportunities. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager believes that the benchmark 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> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager believes that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p>
	<p><b>Sustainability criteria</b></p> <p>The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.</p> <p>Companies in the investment universe are subject to analysis related to their individual total scope 1 &amp; 2 carbon emissions. The sources of information used to perform the analysis include Schroders' proprietary sustainability tools and third-party data.</p> <p>Companies in the investment universe are assessed on their governance, environmental and social profile, across a range of factors. This analysis is supported by quantitative analysis gained from Schroders in-house ESG data tools. The Investment Manager assesses a company's environment and social impact, as well as governance practices, using proprietary sustainability tools. In addition, the Investment Manager also performs its own research and analysis before deciding whether a company is</p>	<p><b>Sustainability criteria</b></p> <p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>Companies in the investment universe are assessed on their governance, environmental and social profile, across a range of factors. This analysis is supported by quantitative analysis gained from Schroders' proprietary sustainability tools. The Investment Manager assesses a company's environment and social impact, as well as governance practices, using proprietary sustainability tools. In addition, the Investment Manager also performs its own research and analysis before deciding whether a company is eligible for inclusion in the Fund, based on its overall sustainability profile. Proprietary tools will be key inputs to measure how companies in the portfolio are meeting the sustainability credentials outlined above.</p> <p>The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material,</p>

	<p>eligible for inclusion in the Fund, based on its overall sustainability profile. Proprietary tools will be key inputs to measure how companies in the portfolio are meeting the sustainability credentials outlined above.</p> <p>The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material, as well as Schrodgers' proprietary sustainability tools and third-party data.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <a href="http://www.schrodgers.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures">www.schrodgers.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures</a>.</p> <p>The Investment Manager ensures that at least:</p> <ul style="list-style-type: none"> <li>- 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and</li> <li>- 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries,</li> </ul> <p>held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market</p>	<p>as well as Schrodgers' proprietary sustainability tools and third-party data.</p> <p>The Investment Manager ensures that at least 90% of companies in the Fund's portfolio are rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</p> <p>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of equity and equity related securities of European companies.</p>
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	capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.	
<b>Investment Manager</b>	Schroder Investment Management Limited	Schroder Investment Management Limited
<b>Exposure to different categories of risk</b>	<p><b>Exposure</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of largesized European companies. These are companies which, at the time of purchase, are considered to be in the top 80% by market capitalisation of the European equities market.</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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p>	<p><b>Exposure</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of European companies.</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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p>
<b>Net derivative exposure</b>	The Fund's net derivative exposure may be up to 50% of the fund's net asset value.	The Fund's net derivative exposure may be up to 50% of the fund's net asset value.
<b>Profile of the typical investor</b>	The Fund may be suitable for investors who are seeking long-term growth potential offered through investment in equities.	The Fund may be suitable for investors who are more concerned with maximising long-term returns than minimising possible short-term losses.
<b>Fund category</b>	Mainstream Equity Fund	Specialist Equity Fund
<b>Fund currency</b>	EUR	EUR
<b>Launch date</b>	4 December 1995	12 December 2018
<b>Fund Size (at 3 October 2022)</b>	EUR 162m	EUR 41m
<b>Dealing cut-off time and settlement</b>	17.00 Singapore time on Dealing Day	17.00 Singapore time on Dealing Day

<b>periods for subscriptions and redemptions</b>	3 Business Days from the relevant Dealing Day	3 Business Days from the relevant Dealing Day
<b>Risk Management Method</b>	Commitment approach	Commitment approach
<b>Initial charge</b>	A: up to 5.00% C: up to 1.00%	A: up to 5.00% C: up to 1.00%
<b>Distribution fee by share class</b>	A: none C: none	A: none C: none
<b>Management fees by share class</b>	A: 1.25% C: 0.625%	A: 1.25% C: 0.625%
<b>Ongoing charges by share class</b>	A: 1.59% C: 0.91%	A: 1.59% C: 0.92%
<b>Performance fee details</b>	Not applicable	Not applicable

**Existing and New Share Class Mapping**

<b>Merging Fund – Schroder International Selection Fund – European Large Cap</b>		<b>Receiving Fund – Schroder International Selection Fund – European Sustainable Equity</b>	
<b>Existing Share Class Held</b>	<b>ISIN Code</b>	<b>New Share Class to be Held</b>	<b>ISIN Code</b>
A Accumulation EUR	LU0106236937	A Accumulation EUR	LU1910162970
A Distribution EUR (AV)	LU0062647606	A Distribution EUR (AV) <sup>1</sup>	LU2539964473
C Accumulation EUR	LU0106237315	C Accumulation EUR	LU1910163192
C Distribution EUR (AV)	LU0062908172	C Distribution EUR (AV) <sup>1</sup>	LU2539964556

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<sup>1</sup> This share class will be launched prior to the Effective Date to facilitate the Merger.