

Tel : (+352) 341 342 202 Fax : (+352) 341 342 342

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. The directors of Schroder Alternative Solutions accept full responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

18 May 2016

Dear Shareholder,

Changes to Schroder Alternative Solutions – Gold and Precious Metals Fund

We are writing to advise you that on 29 June 2016 (the **Effective Date**) Schroder Alternative Solutions – Gold and Precious Metals Fund (the **Contributing Fund**) will contribute all of its assets and liabilities in kind (the **Contribution**) to Schroder International Selection Fund – Global Gold (the **Receiving Fund**). Shareholders in the Contributing Fund will receive the equivalent value of shares in the Receiving Fund in place of their current shares in the Contributing Fund.

The Contribution was authorised by the Commission de Surveillance du Secteur Financier on 21 January 2016.

The Contributing Fund is no longer allowed to be marketed to the public in Hong Kong, and subscriptions and switches from new investors into the Contributing Fund will not be accepted with effect from the date of this notice.

The Contributing Fund will be liquidated following the Contribution.

A) Reasons for the Contribution

In accordance with its power to decide whether the Contribution to the Receiving Fund is in the interest of shareholders as provided in article 5 of the articles of incorporation of Schroder Alternative Solutions, the board of directors of Schroder Alternative Solutions, after considerable analysis and review, has concluded that, given the relative similarity of the investment objectives of the Contributing Fund and the Receiving Fund, shareholders of the Contributing Fund will benefit from a contribution to the Receiving Fund. The Contributing Fund has approximately 128.9 million US dollars under management as at 31 March 2016 and is too small to manage cost-effectively. The directors of Schroder Alternative Solutions believe that, as the Receiving Fund is a UCITS fund and is more widely distributed and recognised in different countries around the world than the Contributing Fund, the Receiving Fund will have potential to attract further assets given a wider client base. The Contribution should also give access to lower ongoing charges for all shareholders in the Contributing Fund. The umbrella fund of the Receiving Fund, i.e. Schroder International Selection Fund, has a much higher assets under management than that of the Contributing Fund, i.e. Schroder Alternative Solutions and some of the fees can be shared among other sub-funds of the Schroder International Selection Fund.

B) Summary of key similarities and differences of the Contributing Fund and the Receiving Fund

- (i) The key similarities of the Contributing Fund and the Receiving Fund are as follows:
- Structure: Both funds are sub-funds of an open-ended investment company which qualifies as a Société d'Investissement à Capital Variable ("SICAV");
 - Key operators: Both funds have the same Management Company, investment manager and custodian/depository;
 - Investment objective: one of the objectives of the Contributing Fund and the objective of the Receiving Fund are to provide capital growth through investments in equities of companies involved in gold related industries;
- (ii) The key differences of the Contributing Fund and the Receiving Fund are as follows:
- Fund category: the Contributing Fund is a Futures and Options Fund and the Receiving Fund is an Equity Fund;
 - Eligible assets: the Contributing Fund invests in both physically backed commodity ETFs and commodity related equities while the Receiving Fund will focus solely on commodity related equities;
 - Diversification restrictions: the Contribution Fund has no diversification restrictions while the Receiving Fund is subject to the 5/40 rule of diversification, please refer to the item "Key change in investment restrictions" in the Appendix for further details;
 - Volatility: The volatility of the Receiving Fund is expected to be marginally higher than the Contributing Fund due to its greater focus in equity investments;
 - UCITS regulation: the Contributing Fund is not subject to UCITS regulations while the Receiving Fund is subject to UCITS regulations;
 - Fund size: The Contributing Fund has approximately 128.9 million US dollars under management as at 31 March 2016 while the Receiving Fund has not been launched but will be incepted by the Contribution;
 - Investment minima: the minimum initial and subsequent investment amounts of the A share class of the Receiving Fund are lower than that of the Contributing Fund;
- (iii) Fees and Charges

The A share classes of both funds have the same investment management fee, custodian/depository fee, distribution charge, administration fee, custody safekeeping fee and transaction fees charged by the custodian/depository. However, please note that the fund accounting and valuation fees of A share classes of the Contributing Fund are different from that of the Receiving Fund. Please refer to the Appendix for further details.

The table below summarises the annual investment management charge (the **AMC**) and ongoing charges (the **OGC**) for the share classes of the Contributing Fund and the Receiving Fund. The AMC of the A share class of the Contributing Fund is the same as that of A share class of the Receiving Fund, but the Receiving Fund should have a lower OGC. Please note that the OGC includes the AMC and all other charges and expenses.

Contributing Fund			Receiving Fund		
Share class	AMC	OGC ¹	Share class	AMC	OGC estimate ²
A	1.50%	2.12%	A	1.50%	2.01%

¹ The OGC is based on expenses for the year ended period ended 30 September 2015. This figure may vary from year to year.

² The OGC is based on the ongoing expenses and average net assets estimated by the investment manager of the Receiving Fund for the first year of launch. The estimate of the average net assets used for calculating the ongoing charges figure is USD100 million. However, the actual ongoing expenses and average net assets of the Receiving Fund may be different from the estimates.

A key features comparison table regarding the Contributing Fund and the Receiving Fund (including the share class changes) can be found in the Appendix to this letter.

C) **Expected impact of the Contribution**

It is expected that the Contribution will have a favourable impact on the shareholders of the Contributing Fund based on the following reasons: (i) Although the two funds have a broadly similar market exposure, as both invest in equities of companies involved in gold related industries, we believe that the Receiving Fund has the potential to deliver a greater return over the long term in view of its greater focus in equity investments. The investment team is competent and has experience in managing gold related strategies. The investment desk that manages the Contributing Fund will manage the Receiving Fund and will continue to do so after the Contribution. (ii) We believe that the Receiving Fund will grow in assets over the long term, which should result in lower ongoing charges to investors.

Please note that there is a risk that significant redemption in the Contributing Fund may occur prior to the Contribution, which may reduce the assets received by the Receiving Fund through the Contribution. There is also a risk that the Receiving Fund may not attract as much assets as anticipated after launch.

There are certain differences between the Contributing Fund and the Receiving Fund as highlighted above and as set out in the Appendix, which you should also consider carefully.

D) **Mechanism of the Contribution**

(i) Share classes

Investors in the A share class of the Contributing Fund will be moved into the A share class of the Receiving Fund of the same currency to minimise shareholder disruption. The share classes have similar features (for example, initial charge, AMC, distribution charge, dividend policy and dealing arrangement etc.). A full summary of which Contributing Fund share classes will be contributed into which Receiving Fund share classes can be found in the Appendix to this letter.

(ii) Costs and expenses of the Contribution

The Contributing Fund has no outstanding set-up costs. The expenses incurred in the Contribution, including the legal, advisory and administrative costs, will be borne by the Schroder Investment Management (Luxembourg) S.A. (the **Management Company**). Costs associated with portfolio trading required to align the Contributing Fund's portfolio with that of the Receiving Fund from 23 June 2016 to the Effective Date will be included in the calculation of the net asset values per share of the Contributing Fund calculated for those days and will be borne by investors who choose to remain invested.

(iii) Exchange ratio, treatment of accrued income and consequences of the Contribution

On the Effective Date, the assets and liabilities of the Contributing Fund will be transferred to the Receiving Fund and the Contributing Fund will then be liquidated. For the shares of each class that they hold in the Contributing Fund, shareholders will receive an equal amount by value of shares of the corresponding class in the Receiving Fund, calculated at the net asset value per share of the Contributing Fund and the initial issue price of shares in the Receiving Fund on the Effective Date.

Any accrued income relating to the Contributing Fund's shares at the time of the Contribution on the Effective Date will be included in the calculation of the final net asset value per share of the Contributing Fund and will be accounted for after the Contribution in the net asset value per share of the Receiving Fund.

As such, you will become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Contributing Fund. Please refer to the Appendix to view the existing and new share class mapping.

The first dealing date for your shares in the Receiving Fund will be 1 July 2016, the related dealing cut-off for this dealing day being 5.00 p.m. Hong Kong time on the same date.

E) 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 Contributing Fund or to switch into another Schroder fund authorized by the Securities and Futures Commission³ at any time up to and including the dealing day on 22 June 2016. If you would like more information about other funds available in the Schroders fund range please contact your local Schroders office or your usual professional adviser or Schroders Investor Hotline on (+852) 2869 6968.

We will execute your redemption or switch instructions free of charge, in accordance with the provisions of the prospectus of the Contributing Fund. Please note that some distributors, paying agents, correspondent banks or similar agents might charge you transaction fees. Please also note that they might also have a different deal cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach us in Hong Kong before the 5.00 p.m. Hong Kong time deal cut-off time on 22 June 2016.

Subscriptions or switches into the Contributing Fund from new investors in Hong Kong will not be accepted from the date of this notice. To allow sufficient time for changes to be made to regular savings plans and similar facilities, subscriptions or switches into the Contributing Fund will be accepted from existing investors until 22 June 2016 (dealing cut-off time at 5.00 p.m. Hong Kong time on 22 June 2016).

F) Tax status

Generally, the conversion of shares at the time of the Contribution and/or the redemption or switch of shares prior to the Contribution should not give rise to any Hong Kong tax implications for Hong Kong shareholders. In particular, any capital gain so derived by Hong Kong shareholders should not in general be subject to Hong Kong profits tax. However, for any such gain derived by certain types of shareholders (for instance, dealers in securities, financial institutions and insurance companies carrying on a trade or business in Hong Kong), there is a higher chance that the Inland Revenue Department of Hong Kong would question whether the gain, if any, derived by these shareholders is indeed capital in nature. If the gain is considered to be trading gain rather than capital gain, it would be chargeable to profits tax (which is currently imposed at a rate of 16.5% on corporations and 15% on unincorporated businesses including individuals), if the amount is regarded as arising in or derived from Hong Kong (i.e., Hong Kong sourced profits). There is currently no general turnover, sales or value-added tax in Hong Kong. On the basis that the registers of members of both the Contributing Fund and the Receiving Fund are not maintained in Hong Kong, their shares should not fall within the definition of Hong Kong stocks and hence the conversion of shares at the time of the Contribution and the redemption or switch of shares prior to the Contribution should not give rise to any Hong Kong stamp duty liability to the shareholders. If you are in any doubt about your potential tax liability as a consequence of the Contribution, you should seek independent professional advice in these matters.

G) Further information

We advise you to read the Receiving Fund's Hong Kong offering documents which are available free of charge at www.schroders.com.hk⁴ or upon request from the Schroder Investment Management (Hong Kong) Limited (the **Representative**). Articles of Incorporation and other material contracts and documents of the Schroder Alternative Solutions and the Schroder International Selection Fund 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.


³ 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.

⁴ This website has not been reviewed by the SFC.

An audit report will be prepared by the approved statutory auditor in relation to the Contribution and will be available free of charge upon request from the Representative.

We hope that you will choose to remain invested in the Receiving Fund after the Contribution. If you would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'N. Fessey', with a long horizontal stroke extending to the right.

Noel Fessey
Authorised Signatory

A handwritten signature in black ink, appearing to read 'N. Wolff', with a long horizontal stroke extending to the right.

Natalie Wolff
Authorised Signatory

Appendix

Key Features Comparison Table

The following is a comparison of the principal features of the Contributing Fund and the Receiving Fund. The Contributing Fund is a sub-fund of Schroder Alternative Solutions and the Receiving Fund is a sub-fund of Schroder International Selection Fund. Full details are set out in the respective Hong Kong offering documents of the Schroder Alternative Solutions and the Schroder International Selection Fund.

	Contributing Fund: Schroder Alternative Solutions – Gold and Precious Metals Fund	Receiving Fund: Schroder International Selection Fund – Global Gold
Structure	Sub-fund of an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV") and as an alternative investment fund within the meaning of article 1(39) of the law of 12 July 2013 on alternative investment fund managers The Fund does not qualify as a UCITS	Sub-fund of an open-ended investment company organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d'Investissement à Capital Variable ("SICAV") The Fund qualifies as a UCITS
Regulatory status	Registered with the Commission de Surveillance du Secteur Financier and authorised by the Securities and Futures Commission in Hong Kong ⁵	Registered with the Commission de Surveillance du Secteur Financier and authorised by the Securities and Futures Commission in Hong Kong ⁵
Management Company	Schroder Investment Management (Luxembourg) S.A.	Schroder Investment Management (Luxembourg) S.A.
Investment Manager	Schroder Investment Management Limited	Schroder Investment Management Limited
Depository	J.P. Morgan Bank Luxembourg S.A.	J.P. Morgan Bank Luxembourg S.A.
Hong Kong Representative	Schroder Investment Management (Hong Kong) Limited	Schroder Investment Management (Hong Kong) Limited
Fund Category	Futures and Options Fund	Equity Fund
Fund Currency	US dollar	US dollar
Launch Date	7 July 2008	Not yet launched (the Fund will be launched through the Contribution on or after the Effective Date).
Key change in investment restrictions	— No diversification restrictions Please refer to Appendix I to the Prospectus and the Hong Kong Cover Document of Schroder Alternative Solutions for further details on the investment restrictions	— Subject to 5/40 rule of diversification: investments of more than 5 per cent with a single issuer may not make up more than 40 per cent of the whole portfolio.

⁵ 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.

	<p>Contributing Fund: Schroder Alternative Solutions – Gold and Precious Metals Fund</p>	<p>Receiving Fund: Schroder International Selection Fund – Global Gold</p>
	<p>applicable to the Fund.</p>	<p>Please refer to Appendix I to the Prospectus of Schroder International Selection Fund for further details on the investment restrictions applicable to the Fund.</p>
<p>Prospectus Investment Objective and Policy</p>	<p>Investment Objective:</p> <p>The Fund's investment objective is to generate growth in the long term through investment in gold and precious metal related commodity instruments, as well as the equities of those companies involved in precious metals related industries globally.</p> <p>Investment Policy:</p> <p>The Fund may be exposed to a range of gold and precious metal related commodities. The Fund may also invest in any sector of the gold and precious metals market at the discretion of the Investment Manager. In terms of geography, the Fund has a global remit. The Fund is benchmark unconstrained; i.e. it will be actively managed without reference to any specific benchmark, from an asset allocation perspective. For performance comparison purposes however, the Manager will compare the Fund's performance with the most commonly quoted commodity indices.</p> <p>The Fund will invest predominantly in a range of gold and precious metal related derivative instruments, principally comprising futures and other commodity linked derivative instruments (e.g. swaps on physical commodities, futures on commodity indices), equities, exchange traded funds, structured notes and, to a lesser extent, in debt securities, convertible securities, warrants of issuers in precious metals related industries. The Fund may also invest in foreign currency (e.g. forward currency contracts, currency options, and swaps on currencies), and cash or cash equivalents including certificates of deposit, treasury bills, and floating rate notes.</p> <p>The Fund will not acquire any</p>	<p>Investment Objective:</p> <p>The Fund aims to provide capital growth by investing in equities of gold related companies.</p> <p>Investment Policy:</p> <p>At least two-thirds of the Fund's assets (excluding cash) will invest globally in equity and equity related securities of companies involved in the gold industry. It will also invest in gold and other precious metals through equities, funds and eligible gold and other precious metals transferable securities. The Fund may hold up to 40% in cash, deposits and money market instruments. The Fund will not be exposed to any physical commodities directly, nor enter into any contracts relating to physical commodities.</p> <p>The Fund's holding in cash, deposits and money market instruments mentioned above is for defensive purposes on a short-term basis as the Investment Manager considers appropriate under market circumstances. The Fund will not invest more than 10% of its net assets into investment funds, excluding exchange traded funds.</p> <p>The fund may employ FDI for hedging and investment purposes. FDI can be used for instance to create market exposure. Such FDI include equity, currency, volatility or index related FDI and over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above. However, the Fund does not intend to use FDI extensively for investment purposes.</p>

	Contributing Fund: Schroder Alternative Solutions – Gold and Precious Metals Fund	Receiving Fund: Schroder International Selection Fund – Global Gold
	<p>physical commodities directly. The Fund will not enter into any contracts relating to physical commodities other than commodity futures, warrants, swaps, and options contracts. Any commodity futures or options contracts and any other derivative instruments that call for physical delivery of the underlying commodity will be liquidated prior to delivery and the Investment Manager has put in place procedures to ensure that this occurs. All derivative instruments where applicable will be settled in cash.</p> <p>The Fund's exposure to gold via the use of derivatives, exchange traded funds and structured notes, can be up to 100% of the Net Asset Value of the Fund in extreme market conditions, however in the normal course of managing the Fund, it is not expected that exposure to gold will exceed 75% of the Net Asset Value. This exposure will be achieved in compliance with the investment restrictions contained in Appendix I to the Prospectus of the Schroder Alternative Solutions.</p> <p>The Fund will seek to gain exposure to the commodity markets by investing in commodity futures and commodity related total return swaps. A swap allows the Fund to create exposure to a specific commodity. The Fund pays a replication fee during the lifetime of the swap. At maturity the Fund receives an amount linked to the rise in the price of the commodity over the term of the swap. If the price of the commodity falls the Fund pays this amount to the counterparty.</p> <p>To implement its investment policy, the Fund may use standardised and non-standardised (customised) derivative financial instruments. It may conduct such transactions on a stock exchange or another Regulated Market open to the public, or directly with a bank or financial institution specialising in these types of business as counterparty (Over the Counter trading). Even in</p>	

	Contributing Fund: Schroder Alternative Solutions – Gold and Precious Metals Fund	Receiving Fund: Schroder International Selection Fund – Global Gold
	<p>extraordinary circumstances, the use of these instruments will not result in the Fund being leveraged nor will they be used to engage in short selling.</p> <p>The Fund's global exposure shall not exceed 100% of its total net assets.</p>	
Eligible assets	<ul style="list-style-type: none"> — Equities — Exchange traded funds (including physically backed commodity ETFs) — Financial derivative instruments — Debt securities — Convertible securities — Cash, deposits and money market instruments 	<ul style="list-style-type: none"> — Equities — Investment funds — Exchange traded funds (excluding physically backed commodity ETFs) — Financial derivative instruments — Cash, deposits and money market instruments
Key risks	<ul style="list-style-type: none"> — Risks of financial derivative instruments — Commodity investment risks — Concentrated sector risk — Concentration of investment risks 	<ul style="list-style-type: none"> — Equity investment risk — Risks relating to investment in gold and other precious metals — Concentrated sector risk — Risks of financial derivative instruments — Currency risks
Global exposure	— Maximum 100% of its total net assets	— Maximum 100% of its total net assets
Dividend Policy	A Accumulation share classes – Dividend will not be distributed but will be reinvested into the Fund	A Accumulation share classes – Dividend will not be distributed but will be reinvested into the Fund
Total Fund Size as at 31 March 2016	USD 128.9 million	Nil (the Fund is not yet launched).
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	<p>Orders must be received by the Representative no later than 5:00 p.m. Hong Kong time on the dealing day in order for it to be forwarded to the Management Company for execution on that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>	<p>Orders must be received by the Representative no later than 5:00 p.m. Hong Kong time on the dealing day in order for it to be forwarded to the Management Company for execution on that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>
Valuation Policy	Calculated on each dealing day	Calculated on each dealing day
Pricing	Forward pricing	Forward pricing

	Contributing Fund: Schroder Alternative Solutions – Gold and Precious Metals Fund	Receiving Fund: Schroder International Selection Fund – Global Gold
Share class characteristics – A share classes	<p>Minimum initial investment: USD 10,000</p> <p>Minimum subsequent investment: USD 5,000</p> <p>Initial charge: Up to 5.00% of the total subscription amount (equivalent to 5.26315% of the net asset value per share)</p> <p>Investment Management Fees: 1.50% per annum</p> <p>Depository fee: Up to 0.005% per annum</p> <p>Administration fee: Up to 0.3% per annum</p> <p>Distribution Charge: 0.00% per annum</p> <p>Custody safekeeping fee: Up to 0.3% per annum</p> <p>Transaction fees (charged by the custodian): Up to USD 150 per transaction</p> <p>Fund Accounting and valuation fees: Up to 0.020%</p>	<p>Minimum initial investment: USD 1,000</p> <p>Minimum subsequent investment: USD 1,000</p> <p>Initial charge: Up to 5.00% of the total subscription amount (equivalent to 5.26315% of the net asset value per share)</p> <p>Investment Management Fees: 1.50% per annum</p> <p>Custodian fee: Up to 0.005% per annum</p> <p>Administration fee: Up to 0.3% per annum</p> <p>Distribution Charge: 0.00% per annum</p> <p>Custody safekeeping fee: Up to 0.3% per annum</p> <p>Transaction fees (charged by the custodian): Up to USD 150 per transaction</p> <p>Fund Accounting and valuation fees: Up to 0.015%</p>

Existing and New Share Class Mapping

Contributing Fund Schroder Alternative Solutions – Gold and Precious Metals Fund Existing Share Class held	Receiving Fund Schroder International Selection Fund – Global Gold New Share Class to be held
A Accumulation USD	A Accumulation USD
A Accumulation EUR Hedged	A Accumulation EUR Hedged

The Representative will provide a full list of shares classes of the Receiving Fund with currency denomination that are available for sale to the public in Hong Kong, upon request of an investor.