Schroders

Schroder International Selection Fund
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Dear Shareholder,

Merger of Schroder International Selection Fund — European Equity Absolute Return with Schroder International Selection Fund — Sustainable European Market Neutral

We are writing to advise you that on **22 March 2022** (the "Effective Date"), Schroder International Selection Fund — European Equity Absolute Return (the "Merging Fund") will merge with Schroder International Selection Fund — Sustainable European Market Neutral (the "Receiving Fund") (the "Merger"). 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 risk profile, and given that both funds have a relatively small fund size, we believe that shareholders in both funds will benefit from this Merger. The Merging Fund had approximately EUR 30.7 million under management as of 31 October 2021 while the Receiving Fund had approximately EUR 10.5 million under management as of the same date.

Both the Merging Fund and the Receiving Fund focus on providing a positive return after fees have been deducted by investing in equity and equity related securities of European companies. Both the Merging Fund and the Receiving Fund are managed by the same portfolio manager and team, and use broadly the same process. There is a close match in terms of stock names between the Merging Fund and the Receiving Fund.

However, the Receiving Fund has environmental and/or social characteristics within the meaning of Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). The Receiving Fund invests in equity and equity related securities which meet the investment manager's sustainability criteria and maintains a positive absolute sustainability score, based on the investment manager's rating system. In addition, certain exclusions are applied and the Receiving Fund invests in companies that have good governance practices. The portfolio manager may also engage with companies held to challenge identified areas of weakness on sustainability issues. We believe that the inclusion of measurable sustainability characteristics within the investment policy is beneficial for the shareholders in the Merging Fund.

Investors in the A, A1, B share classes of the Merging Fund, which account for circa 60% of the Merging Fund's asset base, will receive a 25bps management fee reduction following the Merger. While the Receiving Fund currently has slightly higher ongoing charges (please see the table below) due to its lower assets under management, we believe that the combined assets under management of the Merging Fund and the Receiving Fund will offer potential economies of scale to both sets of investors.

The decision to merge the Merging Fund into the Receiving Fund is in accordance with Article 5 of the articles of incorporation of Schroder International Selection Fund (the "Company") and the provisions of the prospectus of the Company (the "Prospectus") and is in the interest of both funds' shareholders.

Investment objectives and policies

The investment objectives of both the Merging Fund and the Receiving Fund include the provision of a positive return after fees have been deducted by investing in equity and equity related securities of European companies. Both funds seek to deliver focused returns that are uncorrelated to equity markets. There is a close match in terms of stock names between the Merging Fund and the Receiving Fund. Both the Merging Fund and the Receiving Fund may use derivatives for the purposes of achieving investment gains, hedging risks and efficient portfolio management.

The difference between the investment objectives of the two funds is that the Merging Fund seeks to provide a positive return over a period of 12 months in all market conditions, whereas the Receiving Fund aims to provide a positive return after fees have been deducted over a three year period. The gross exposure of total return swaps and contracts for difference for the Merging Fund will not exceed 250%, and the gross exposure of contracts for difference for the Receiving Fund will not exceed 250% (the Receiving Fund cannot use total return swaps). However the gross exposure is expected to remain within the range of 0% to 230% of the net asset value for the Receiving Fund, compared with 0% to 150% for the Merging Fund. This means the Receiving Fund is expected to make more use of contracts for difference than the Merging Fund. In addition, the Receiving Fund takes into account sustainability criteria when selecting its investments.

Share classes and annual investment management fee changes

The synthetic risk and return indicator (the SRRI) of the Receiving Fund and the Merging Fund is the same (category 4). The base currency of both the Merging Fund and the Receiving Fund is EUR. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found in the Appendix.

Shareholders in the Merging Fund will be charged the same or lower annual investment management charges (the AMC) in all cases as a result of the Merger. For the ongoing charges (the OGC), as mentioned in the preceding section, the Receiving Fund currently has slightly higher OGC but we believe the economies of scale achieved via the Merger will offer potential economies of scale for the OGCs of the Receiving Fund.

The table below summarises the AMC and OGCs for the share classes of the Merging Fund and the Receiving Fund.

Share class	Merging Fund		Receiving Fund	
	AMC	OGC[1]	AMC	OGC[1]
A Acc EUR	1.50%	1.95%	1.25%	2.04%
A Acc (USD Hedged)	1.50%	1.98%	1.25%	2.07%
A1 Acc (USD Hedged)	1.50%	2.48%	1.25%[2]	2.57%[3]
B Acc EUR	1.50%	2.45%	1.25%	2.64%
B Acc (USD Hedged)	1.50%	2.48%	1.25%[2]	2.67%[3]
C Acc EUR	0.75%	1.15%	0.75%	1.49%
C Acc (USD Hedged)	0.75%	1.18%	0.75%[2]	1.52%[3]
C Acc (GBP Hedged)	0.75%	1.18%	0.75%[2]	1.52%[3]
R Acc EUR	0.75%	1.15%	0.75%[2]	1.49%[3]
R Acc (USD Hedged)	0.75%	1.18%	0.75%[2]	1.52%[2]
R Acc (GBP Hedged)	0.75%	1.18%	0.75%[2]	1.52%[3]
IZ Acc EUR	0.75%	0.92%	0.75%	1.26%

The Receiving Fund and the Merging Fund are subject to a performance fee[3] of 20% outperformance over 3 Month EUR London Interbank Offer Rate Act 360[4], subject to a high water mark as per the methodology in section 3.1 of the Prospectus. As of 1 January 2022, the Receiving Fund and the Merging Fund will be subject to a performance fee of 20% of the outperformance over the Euro Short-Term Rate[5], subject to a high water mark as per the methodology in section 3.1 of the Prospectus. As noted below, the Merging Fund will crystallise its performance fees on the Effective Date and the performance fee will be paid to the investment manager of the Merging Fund.

If immediately prior to the Effective Date, the relative percentage difference between the gross asset value per share and the high water mark of the relevant share classes is greater for the Merging Fund compared to the Receiving Fund, the high water mark of the Receiving Fund will be re-set (increased) on the Effective Date taking due account of the best interests of the shareholders. No crystallisation of the performance fees in the Receiving Fund will occur at that point. Such increase of the high water mark in the Receiving

[1] Percentages are per annum and are stated with reference to the net asset value per share. 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. The OGCs are as at 30 June 2021.
[2] This share class will be launched prior to the Effective Date to facilitate the Merger.
[3] This is an indicative figure, derived from the difference in OGC between share classes that exist for both funds.
[4] Performance fee is applied to all Share Classes except the I Shares.
[5] For the avoidance of doubt, the above mentioned benchmarks are solely used for performance fee calculation purposes, and they should therefore under no circumstances be considered as indicative of a specific investment style. In relation to currency hedged Share Classes, currency hedged versions of the above mentioned benchmarks (including currency equivalent cash benchmarks) are used for performance fee calculation purposes.

Fund ensures that no shareholders in the Merging Fund are disadvantaged in respect of the performance fees payable as a result of the Merger. The shareholders of the Merging Fund will be considered as new investors having subscribed on the Effective Date for the purpose of the calculation of the performance fee of the Receiving Fund. In addition, the increase of the high water mark in the Receiving Fund benefits existing shareholders in the Receiving Fund. Consequently, the performance-related fee effect for the shareholders of the Receiving Fund would change from the Effective Date.

If the circumstances above do not apply immediately prior to the Effective Date, there will be no reset of the high water mark of the Receiving Fund. As such the performance-related fee effect for the shareholders of the Receiving Fund as a result of the Merger will remain unchanged at the Effective Date and no different than if the Receiving Fund had received external investor subscriptions. Concerning the shareholders of the Merging Fund, they will be considered as new investors having subscribed on the Effective Date for the purpose of the calculation of the performance fee of the Receiving Fund.

The above approaches ensure fair treatment of shareholders of both the Merging Fund and the Receiving Fund, in accordance with Article 4 of the Regulation of the Commission de Surveillance du Secteur Financier n°10-05 transposing Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

Prior to the Merger, the Merging Fund will dispose of any assets that are not in line with the Receiving Fund's investment portfolio or which cannot be held due to investment restrictions**.**

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 1.00 p.m. Luxembourg time on the dealing day. Orders that reach HSBC Continental Europe, Luxembourg ("HSBC") 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.

Merger

This Merger notice is required by Luxembourg law.

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 and outstanding set-up costs. The expenses incurred in the Merger, including the legal, advisory and administrative costs, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the Management Company).

From **9 February 2022**, the Merging Fund's net asset value per share 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 during this period the net asset value per share will be adjusted upwards. The intention of the adjustment is to protect existing and continuing investors in the Merging Fund from bearing all such market-related transaction costs and to apportion these appropriately. However, we do not expect that the transaction costs will be significant and they will not have a material impact on the shareholders of the Receiving Fund and the Merging Fund. Further information relating to dilution adjustments is available in the Prospectus in section 2.4 "Calculation of Net Asset Value". The Prospectus is available at www.schroders.lu.

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 net asset value of the relevant class of the Merging Fund and the net asset value or initial issue price of the relevant class of the Receiving Fund as of the Effective Date. 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 net asset value per share of the Merging Fund and will be accounted for after the Merger in the net asset value 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.

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

Any accrual of performance fees in the share classes of the Merging Fund will be crystallised on the Effective Date and will be paid to the investment manager of the Merging Fund.

The first dealing date for your shares in the Receiving Fund will be **23 March 2022**, the related deal cut-off for this dealing day being 1.00 p.m. Luxembourg time on the dealing day.

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 Schroder fund at any time up to and including the dealing day on **15 March 2022**.

HSBC will execute your redemption or switch instructions in accordance with the provisions of the Prospectus free of charge, although in some countries local paying agents, correspondent banks or similar agents may charge transaction fees. 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 HSBC before the 1.00 p.m. Luxembourg time deal cut-off on **15 March 2022**.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on **9 February 2022**. 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 **1 March 2022** (deal cut-off at 1.00 p.m. Luxembourg time on **1 March 2022**).

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

We advise shareholders to read the Receiving Fund's key investor information document (the KIID) which accompanies this letter. This is a representative KIID for the Receiving Fund, showing information for a standard share class (A share class). It is, together with the KIIDs of all other available share classes, available at www.schroders.lu. The Prospectus is also available at that address.

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 Management Company.

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 Management Company on (+352) 341 342 202.

Yours faithfully,

The Board of Directors

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 and shareholders are also advised to consult the KIID of the Receiving Fund.

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	**Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral**
Prospectus Investment Objective and Policy	**Investment Objective** The Fund aims to provide an absolute return after fees have been deducted by investing directly, or indirectly through derivatives, in equity and equity related securities of European companies. Absolute return means the Fund seeks to provide a positive return over a period of 12 months in all market conditions, but this cannot be guaranteed and your capital is at risk. **Investment Policy** The Fund is actively managed and invests at least two-thirds of its assets directly, or indirectly through derivatives, in equity and equity related securities of European companies. The investment strategy of the Fund and the use of derivatives may lead to situations where it is considered appropriate that prudent levels of cash, or cash equivalent liquidity through Money Market Investments, will be maintained which may represent (exceptionally) 100% of the Fund's assets. This will be limited to a maximum of six months (otherwise the Fund will be liquidated). During this period, the Fund will not fall within the scope of MMFR.	**Investment Objective** The Fund aims to provide a positive return after fees have been deducted over a three year period by investing in equity and equity related securities of European companies which 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 European companies. The Fund may (exceptionally) hold up to 100% of its assets in Money Market Investments or cash. This will be limited to a maximum of six months (otherwise the Fund will be liquidated). During this period, the Fund will not fall within the scope of MMFR. The Fund adopts a Market Neutral strategy which aims to deliver returns that are not closely correlated to returns of the European equity markets. The Fund maintains a positive absolute sustainability score, 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

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
	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). The Fund may use derivatives (including total return swaps) with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may have synthetic long and short positions and may be net long or short when long and short positions are combined. Where the Fund uses total return swaps and contracts for difference, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used to gain long and short exposure or to hedge exposure on equity and equity related securities. The gross exposure of total return swaps and contracts for difference will not exceed 250% and is expected to remain within the range of 0% to 150% of the Net Asset Value. In certain circumstances this proportion may be higher. **Benchmark** The Fund's performance should be assessed against its objective of providing a positive return over a 12-month period in all market conditions, and compared against the MSCI Europe (Net TR) index and 3 month EUR LIBOR* (or an alternative reference rate). The	listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/lu/private-investor/gfc. 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). 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. 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). The Fund may use derivatives, long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. Where the Fund uses contracts for difference, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. Contracts for difference may be used to gain

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	**Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral**
	comparator benchmarks are only included for performance comparison purposes and do not have any bearing on how the Investment Manager invests the Fund’s assets. In relation to the MSCI Europe (Net TR) index, 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 MSCI Europe (Net TR) index. The Investment Manager will invest in companies or sectors not included in the MSCI Europe (Net TR) index. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. Any 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. * As of 1 January 2022 the comparator benchmark will change to the Euro Short-Term Rate	long and short exposure or to hedge exposure on equity and equity related securities. The gross exposure of contracts for difference will not exceed 250% and is expected to remain within the range of 0% to 230% of the Net Asset Value. In certain circumstances this proportion may be higher. The Investment Manager will only use derivatives (including short positions) in a way that is consistent with the Fund’s sustainability criteria (please see the Fund Characteristics section for more details). **Benchmark** The Fund’s performance should be assessed against its objective of providing a positive return over a three year period in all market conditions, and compared against the MSCI Europe (Net TR) index and 3 month EUR LIBOR* (or an alternative reference rate). The comparator benchmarks are only included for performance comparison purposes and do not have any bearing on how the Investment Manager invests the Fund’s assets. In relation to the MSCI Europe (Net TR) index, 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 MSCI Europe (Net TR) index. The Investment Manager will invest in companies or sectors not included in the MSCI Europe (Net TR) index.

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
		The benchmark (s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. Any 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. * As of 1 January 2022 the comparator benchmark will change to the Euro Short-Term Rate **Sustainability Criteria** The Investment Manager applies sustainability criteria when selecting investments for the Fund. The Investment Manager targets long positions in companies that have a positive impact on society and/or demonstrate best in class corporate behaviours, and short positions in companies that are having a negative impact on society and/or demonstrate poor corporate behaviours. Corporate behaviours are assessed based on a company's relationship with its key stakeholders, specifically employees, regulators, customers, suppliers and local communities. This is combined with an assessment of governance, management quality and

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		environmental impact. Impact on society is assessed using a proprietary tool which rates a company's overall performance on sustainability issues. This analysis provides the Investment Manager with a framework to examine a company's overall sustainability profile and identify those companies with high standards of corporate behaviours and a positive impact on society relative to peers. The Investment Manager also seeks to ensure that the portfolio is low carbon by assessing issuers' carbon emissions and carbon intensity levels. The primary inputs into the investment process are internal bottom-up fundamental research, Schroders' proprietary sustainability tools and third party ESG research. 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. 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.

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
KIID Investment Objective and Policy	**Investment Objective** The fund aims to provide an absolute return after fees have been deducted by investing directly, or indirectly through derivatives, in equities of European companies. Absolute return means the fund seeks to provide a positive return over a period of 12 months in all market conditions, but this cannot be guaranteed and your capital is at risk. **Investment Policy** The fund is actively managed and invests at least two-thirds of its assets directly, or indirectly through derivatives, in equities of European companies. The fund may also (exceptionally) hold up to 100% of its assets in cash and money market investments. 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 the prospectus). The fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. The fund may use leverage and take short positions. **Benchmark** The fund's performance should be assessed against its objective of providing a positive return over a 12-month period in all market conditions, and compared against the MSCI Europe (Net TR) index	**Investment Objective** The fund aims to provide a positive return after fees have been deducted over a three year period by investing in equities of European companies which meet the investment manager's sustainability criteria. **Investment Policy** The fund is actively managed and invests at least two-thirds of its assets in equities of European companies. The fund may (exceptionally) hold up to 100% of its assets in money market investments or cash. This will be limited to a maximum of six months (otherwise the fund will be liquidated). During this period, the fund will not fall within the scope of MMFR. The fund adopts a market-neutral strategy which aims to deliver returns that are not closely correlated to returns of the European equity markets. The fund maintains a positive absolute sustainability score, based on the investment manager's rating system. 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. The fund invests in companies that have good governance practices, as determined by the investment manager's rating criteria. The investment manager may also engage with companies held by the fund to challenge identified

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
	and 3 month EUR LIBOR (or an alternative reference rate). The comparator benchmarks are only included for performance comparison purposes and do not have any bearing on how the investment manager invests the fund's assets. In relation to the MSCI Europe (Net TR) index, 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 MSCI Europe (Net TR) index. The investment manager will invest in companies or sectors not included in the MSCI Europe (Net TR) index. The target benchmark has been selected because the target return of the fund is to deliver or exceed the return of that benchmark as stated in the investment objective. Any 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. Schroders is in the process of assessing the potential alternatives to EUR LIBOR and will notify investors of any decision to move away from EUR LIBOR in due course.	areas of weakness on sustainability issues. More details on the investment manager's approach to sustainability are available in the prospectus and on the website 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 and warrants (subject to the restrictions provided in the prospectus). The fund may use derivatives, long and short, with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. The investment manager will only use derivatives (including short positions) in a way that is consistent with the fund's sustainability criteria. **Benchmark** The fund's performance should be assessed against its objective of providing a positive return over a three year period in all market conditions, and compared against the MSCI Europe (Net TR) index and 3 month EUR LIBOR (or an alternative reference rate). The comparator benchmarks are only included for performance comparison purposes and do not have any bearing on how the investment manager invests the fund's assets. In relation to the MSCI Europe (Net TR) index, the fund's investment universe is expected to overlap materially

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
		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 MSCI Europe (Net TR) index. The investment manager will invest in companies or sectors not included in the MSCI Europe (Net TR) index. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the fund. The target benchmark has been selected because the target return of the fund is to deliver or exceed the return of that benchmark as stated in the investment objective. Any 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. Schroders is in the process of assessing the potential alternatives to EUR LIBOR and will notify investors of any decision to move away from EUR LIBOR in due course.
Investment Manager	Schroder Investment Management Limited	Schroder Investment Management Limited
Synthetic Risk and Reward Indicator (SRRI)	Category 4	Category 4
KIID Risk Disclosures	**Currency risk:** The fund may lose value as a result of movements in foreign exchange rates. **Liquidity risk**: In difficult market conditions, the fund may not be able to sell a security for full value	**Currency risk:** The fund may lose value as a result of movements in foreign exchange rates. **Sustainability Risk Factor:** The fund has environmental and/or social characteristics. This means it

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
	or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. **Operational risk**: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund. **Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve. **IBOR:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund. **Derivatives risk:** A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.	may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria. The fund may invest in companies that do not reflect the beliefs and values of any particular investor. **Liquidity risk:** In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. **Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund. **Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve. **IBOR:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund. **Derivatives risk:** A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund may

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
		also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.
Profile of the Typical Investor	The Fund may be suitable for Investors who are seeking positive absolute return over the medium to longer term (at least 5 years) by investing in an actively managed portfolio. The Investor must be able to accept temporary capital losses due to the potentially volatile nature of the assets held.	The Fund may be suitable for Investors who are seeking positive absolute return over the medium to longer term (at least 5 years) by investing in an actively managed portfolio. The Investor must be able to accept temporary capital losses due to the potentially volatile nature of the assets held.
Fund Category	Absolute Return Fund	Absolute Return Fund
Fund Currency	EUR	EUR
Launch Date	11 February 2014	07 March 2012
Fund Size (at end Oct 2021)	EUR 30.7m	EUR 10.5m
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	13:00 Luxembourg time on the Dealing Day 3 Business Days from the relevant Dealing Day	13:00 Luxembourg time on the Dealing Day 3 Business Days from the relevant Dealing Day
Risk Management Method	Absolute Value-at-Risk (VaR)	Absolute Value-at-Risk (VaR)
Initial Charge	A: up to 3.00% of the total subscription amount A1: up to 2.00% of the total subscription amount B: None C: up to 1.00% of the total subscription amount	A: up to 5.00% of the total subscription amount A1: up to 4.00% of the total subscription amount B: None C: up to 1.00% of the total subscription amount

	Merging Fund – Schroder International Selection Fund – European Equity Absolute Return	Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral
	R: None IZ: None	R: None IZ: None
Management Fees by share class	A: 1.50% per annum A1: 1.50% per annum B: 1.50% per annum C: 0.75% per annum R: Up to 1.50% per annum IZ: Up to 0.75% per annum	A: 1.25% per annum A1: 1.25% per annum B: 1.25% per annum C: 0.75% per annum R: Up to 1.50% per annum IZ: Up to 0.75% per annum
Ongoing Charges by share class (as at 30 June 2021)	A: 1.95% A1 (USD hedged): 2.48% B: 2.45% C: 1.15% R: 1.15% IZ: 0.92%	A: 2.04% A1 (USD hedged): 2.57% [3] B: 2.64% C: 1.49% R: 1.49% [3] IZ: 1.26%
Performance fee details	20% of the outperformance over 3 Month EUR London Interbank Offer Rate Act 360, subject to a High Water Mark as per the methodology in section 3.1 of the Prospectus. Performance fee will be applied to all Share Classes except the I Shares. **As of 1 January 2022 the Performance Fee section will change to:** 20% of the outperformance over the Euro Short-Term Rate, subject to a High Water Mark as per the methodology in section 3.1 of the Prospectus. Performance fee will be applied to all Share Classes except the I Shares.	20% of the outperformance over 3 Month EUR London Interbank Offer Rate Act 360, subject to a High Water Mark as per the methodology in section 3.1 of the Prospectus. Performance fee will be applied to all Share Classes except the I Shares. **As of 1 January 2022 the Performance Fee section will change to:** 20% of the outperformance over the Euro Short-Term Rate, subject to a High Water Mark as per the methodology in section 3.1 of the Prospectus. Performance fee will be applied to all Share Classes except the I Shares.

[3] This is an indicative figure, derived from the difference in OGC between share classes that exist for both funds.

Existing and New Share Class Mapping

Merging Fund – Schroder International Selection Fund – European Equity Absolute Return		**Receiving Fund – Schroder International Selection Fund – Sustainable European Market Neutral**	
Existing Share Class Held	**ISIN Codes**	**New Share Class to be Held**	**ISIN Codes**
A Accumulation EUR	LU1046235062	A Accumulation EUR	LU0748063764
A Accumulation USD Hedged	LU1065104405	A Accumulation USD Hedged	LU0871500038
A1 Accumulation USD Hedged	LU1067367158	A1 Accumulation USD Hedged[1]	LU2426183435
B Accumulation EUR	LU1046235146	B Accumulation EUR	LU0801193722
B Accumulation USD Hedged	LU1067369956	B Accumulation USD Hedged[1]	LU2426183518
C Accumulation EUR	LU0995125803	C Accumulation EUR	LU0748063848
C Accumulation USD Hedged	LU0995125712	C Accumulation USD Hedged[1]	LU2426183609
C Accumulation GBP Hedged	LU0995125639	C Accumulation GBP Hedged[1]	LU2426183278
R Accumulation EUR	LU0995125555	R Accumulation EUR[1]	LU2426183195
R Accumulation USD Hedged	LU0995125472	R Accumulation USD Hedged[1]	LU2426183781
R Accumulation GBP Hedged	LU0995125399	R Accumulation GBP Hedged[1]	LU2426183351
IZ Accumulation EUR	LU2016215340	IZ Accumulation EUR	LU2016216157

The Merger will also apply to any additional share classes launched prior to the Effective Date.

[1] This share class will be launched prior to the Effective Date to facilitate the Merger.