

**IMPORTANT: This letter is important and requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice. Schroder Investment Management (Europe) S.A., as the Management Company to Schroder International Selection Fund (the "Company"), accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.**

**5 March 2024**

Dear Shareholder,

## **Notice to X9 and Y9 Shareholders of Schroder International Selection Fund Emerging Europe (the "Fund")**

### **Notification of Fund distribution in respect of the disposal of Russian assets**

Further to the notification issued on 4 July 2022 in relation to the reorganisation of the Fund for Russian assets, we are writing to inform you that there will be a distribution on 6 June 2024 to the X9 and Y9 share classes of the Fund, of which you are a holder.

### **Background and rationale**

As a result of the unprecedented geo-political situation caused by Russia's invasion of Ukraine, and the resultant impact of sanctions and the actions of governments and market counterparties on certain Russian issuers and assets, the directors of Company (the "**Board**") took the decision to suspend the calculation of net asset value ("**NAV**") per share and dealing of shares in the Fund from 13.00, Central European Time (19:00 Hong Kong time) on 25 February 2022.

This situation, combined with sanctions and the partial closure of the Russian Stock Exchange and the resultant inability of market participants to trade and achieve settlement reliably in Russian equities, had prevented the Fund from being able to value and dispose of those assets (the "**Russian Assets**").

Following an assessment of the options for re-opening the Fund for subscriptions and redemptions, in the best interests of its shareholders while maintaining fair treatment for all shareholders, the Board communicated its decision to shareholders in the Fund on 4 July 2022 to reorganise the assets of the Fund by splitting the Fund in order to create new share classes to which the Russian Assets were to be allocated (the "**X9 and Y9 Classes**"). As of 4 July 2022, the Russian Assets were valued at zero.

As a result of this reorganisation, the suspension of calculation of the NAV and dealing in shares of the Fund was lifted with effect from 18 July 2022 to enable the Fund to continue to be managed

in accordance with its investment objective and policy. The X9 and Y9 Classes were launched on 18 July 2022 and each shareholder was allocated a number of shares in the X9 and Y9 Classes that reflected their percentage holding in the Fund's total NAV as at 25 February 2022. This enabled shareholders to benefit from the ongoing performance of the Fund's non-Russian Assets whilst retaining (through the X9 and Y9 Classes) an interest in the Russian Assets should their value return in the future.

### **Disposal of Russian Assets**

While foreign access to the Russian Stock Exchange remains restricted, over the past year there has been some limited over-the-counter activities in a number of Russian offshore securities.

In accordance with the applicable sanctions regulations and considering the best interests of the shareholders of the Fund, the investment manager of the Fund has been able to dispose approximately one-third of the Russian Assets (in terms of the number of securities) held by the X9 and Y9 Classes. This has resulted in sales proceeds of approximately 57 million Euros.

### **Distribution**

As outlined in the notification of 4 July 2022, we committed to return any value realised to shareholders over time. As a result of the disposals noted above, an initial distribution of €56.50 per share held will be paid on 6 June 2024.

As previously communicated, this distribution will be paid to investors in the same currency as their original interest held in the Fund. Shareholder's preferred distribution payment currency will also be considered. The distribution notice attached to this letter outlines the expected payment currency, along with the existing payment details on your account. If these details are incorrect, please contact your usual professional advisor, or Schroder Investment Management (Hong Kong) Limited (the "**Representative**") at its registered office or calling the Schroders Investor Hotline on (+852) 2869 6968.

### **Future of the X9 and Y9 Classes**

The remaining Russian Assets (approximately two-thirds in terms of the number of securities held) will continue to be held by the X9 and Y9 Classes for the benefit of the shareholders. They will be valued according to the valuation principles set out in the Prospectus and Schroders' valuation policy. As at the date of this letter, the Russian Assets are valued at zero. The Management Company, Schroder Investment Management (Europe) S.A. ("**SIM EU**"), together with the Board, have responsibility for continuing to monitor the appropriateness of the valuation based on the prevailing market indicators.

As previously advised, as and when possible, we will realise the Russian Assets at the best available realisable price (and so return any related value to shareholders in the X9 and Y9 Classes) at our discretion acting in the best interests of the shareholders. The frequency and size of those distributions is subject to the future disposal of the Russian Assets, which cannot be predicted with any certainty. Any future distributions will be notified in the same manner as this distribution.

## **Tax**

Schroders do not provide tax advice and so investors should always take their own advice from their professional advisors as to their particular tax position.

## **Further Information**

Information relating to the Fund, including previous notifications and the indicative NAV of X9 and Y9 Classes will continue to be made available on our website at:

<https://www.schroders.com/en-hk/hk/individual/funds-and-strategies/investor-notice><sup>1</sup> and <https://www.schroders.com/en-lu/lu/individual/><sup>2</sup>.

Any important information regarding the X9 and Y9 Classes and the realisation of the Russian Assets will also be notified to the holders of shares in the X9 and Y9 Classes. We will provide periodic updates to investors and will keep investors informed of any material developments relating to the Fund.

The articles of incorporation of the Company and other material contracts and documents of the Company, including the Hong Kong offering documents of the Company (which includes the product key facts statement of the 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.

If you have any questions or would like more information, please contact your usual professional advisor or the Representative at its registered office or calling the Schroders Investor Hotline on (+852) 2869 6968.

Your faithfully,

**The Board of Directors**

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<sup>1</sup> This website has not been reviewed by the Securities and Futures Commission.

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## Appendix – Frequently Asked Questions

### What are the details of the X9 and Y9 Classes created on 18 July 2022?

| Designation            | X9            | Y9                |
|------------------------|---------------|-------------------|
| Eligible holders       | Institutional | Non-Institutional |
| Distribution Frequency | Accumulation  | Accumulation      |
| Currency               | EUR           | EUR               |
| Hedging Status         | Unhedged      | Unhedged          |
| ISIN                   | LU2473380983  | LU2473381015      |
| SEDOL                  | BMH3YV4       | BMH3YW5           |
| CUSIP                  | BSDB7EV32     | BSDB7EVF5         |
| Distribution Rate      | €56.50        | €56.50            |

### What is the expected timeline for the distribution?

|              |  |
|--------------|--|
| 5 March 2024 | Notification of Distribution of Russian Assets |
| 30 May 2024  | Notification of Final Distribution             |
| 6 June 2024  | Effective Date (pay date)                      |

An estimated distribution notification is attached to this letter with the details of your expected distribution. A final distribution notification will be made available 5 days prior to the pay date. The distribution rate will not change, however, as transfers may occur, the final distribution on the account will be confirmed.

### Who will receive the distribution?

Since the X9 and Y9 Classes were established, we are aware that shareholders may have transferred their holdings and therefore the registered shareholder on the account as of 30 May 2024 will be the recipient of the distribution. Any transfers received after 30 May 2024, but before 6 June 2024 will be processed, but will not be considered for the distribution payment.

### What happens if I need to transfer my shares in the X9 and Y9 Classes during this period to 6 June 2024?

Transfers of shares are permitted. However, payments will be made based on the shareholder records as of 30 May 2024.

### What currency and bank account will I receive the distribution in?

The distribution will be paid in the currency and to the bank details that is held for the shareholders by the transfer agent, which is specified on the distribution notification attached. If you wish to make changes to either of these, please contact your usual professional advisor or

the Representative at its registered office or calling the Schroders Investor Hotline on (+852) 2869 6968.

**Will there be any charges in respect of this distribution?**

Any charges incurred in respect of this distribution will be covered by Schroders.

**How will this distribution impact the indicative NAV?**

The historical indicative NAV per share of the X9 and Y9 Classes are made available on our website at <https://www.schroders.com/en-lu/lu/individual/><sup>3</sup>. Following the disposal of some of the Russian Assets, the indicative NAV per share of the X9 and Y9 Classes increased to €58.3282 and €58.2692 respectively as of 12 February 2024, reflecting the sales proceeds. The indicative NAV will materially decrease as most of the value realised by the sale of the aforementioned one-third of the Russian Assets (in terms of the number of securities held) will be distributed to shareholders. A residual amount will be left in the X9 and Y9 Classes to pay any ongoing fees. The residual amount will be reflected in the indicative NAV per share after the pay date.

**What will happen to the X9 and Y9 Classes following this distribution?**

The X9 and Y9 Classes will continue to remain in place solely to hold the Russian Assets and as before it will not be possible to subscribe, switch or redeem shares in these classes.

**Why is the full value of the X9 and Y9 Classes not being distributed?**

The remaining Russian Assets are currently valued at zero due to the applicable sanctions and the partial closure of the Russian Stock Exchange. Both SIM EU and the Board, as well as the investment manager of the Fund, will continue to review and monitor any future opportunities to realise the remaining Russian Assets.

**When will I receive another distribution?**

Any value in the Russian Assets may be returned in tranches or all at the same time, as and when liquidity is available.

**Are any further sales of Russian Assets held by the X9 and Y9 Classes foreseen in the near future?**

We will decide when and how to realise the Russian Assets, acting in the best interests of shareholders and at the best available realisable price to the extent possible.

**Will I be able to view this distribution as part of my monthly statement on Investor Insights?**

The distribution advice will be available on Investor Insight as part of the monthly statement process.

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<sup>3</sup> This website has not been reviewed by the Securities and Futures Commission.