

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

**9 March 2020**

Dear Shareholder,

## **Schroder International Selection Fund — Global Cities Real Estate**

We are writing to advise you that a fund in which you are invested is due to receive assets from another fund through a merger. This merger is not expected to have any impact on your investment. The size of the merging fund represents only 5.3% of the fund in which you are invested as at 7 February 2020. We have provided full details of this merger below.

On 16 April 2020 (the "Effective Date"), Schroder International Selection Fund — Asia Pacific Cities Real Estate (the "Merging Fund") will merge into Schroder International Selection Fund — Global Cities Real Estate (the "Receiving Fund"). Dealing in the Receiving Fund will not be interrupted by the merger.

The decision to merge the sub-funds was taken by the board of directors of Schroder International Selection Fund (respectively the "Board" and the "Company").

Upon review, the Board of the Company concluded that, given the relative size of the Merging Fund and the similarity in investment approach between the Merging Fund and Receiving Fund, shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The Merging Fund has approximately USD 20 million under management as of 7 February 2020 while the Receiving Fund has approximately USD 380 million under management as of the same date. Shareholders in the Merging Fund will be merged into a sub-fund which, the Board believes, will give shareholders access to a similar investment strategy with a similar risk profile.

Where assets under management are low it can become difficult to implement the investment policy in a cost effective manner and costs to clients can increase. On this basis a merger into the Receiving Fund offers investors an alternative fund with appropriate scale and a broadly similar investment approach; both funds focus on urbanisation and utilise the same investment process and proprietary real estate databases. The investment exposure of both the Merging Fund and the Receiving Fund offers some commonality across companies and regions; ~25% of the Receiving Fund is invested in the Asia Pacific Region and ~23% of the Receiving Fund is invested in companies also held in the Merging Fund.

The Board has therefore decided, in accordance with Article 5 of the articles of incorporation of the Company (the Articles) and the provisions of the prospectus of the Company and in the interest of both funds' shareholders, to merge the Merging Fund into the Receiving Fund.

This notice is required by Luxembourg law and is being sent to you for informational purposes only.

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

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

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

The expenses incurred in the merger, including the legal, audit and regulatory charges, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the "Management Company"). The 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.

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

The merger will be implemented on 16 April 2020 (the "Effective Date"). As a shareholder in the Receiving Fund you have the right to redeem your holding or switch it into the same share class of one or more of the Company's other sub-funds authorized by the Securities and Futures Commission ("SFC")<sup>1</sup> prior to the merger. If you do not wish to continue to hold shares in the Receiving Fund after the merger you may at any time up to and including deal cut-off at 5:00 p.m. Hong Kong time on 16 April 2020 send your instructions to redeem or switch your shares for execution prior to the merger. The Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited (the "Representative") will carry out your instructions free of charge in accordance with the provisions of the prospectus of the Company. Please note that some distributors, paying agents, correspondent banks or similar agents may charge you transaction fees. Please also note that they might have a local deal cut-off which is earlier than the Receiving Fund's cut-off time in Hong Kong, and we recommend that you check with them to ensure that your instructions reach the Representative in Hong Kong before the deal cut-off given above.

Redemption and / or switching of shares may affect the tax status of your investment. We therefore recommend you to seek independent professional advice in these matters.

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

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

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<sup>1</sup> 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.

**Further information**

Luxembourg law requires that an audit report to be prepared by the Company's approved statutory auditor in relation to the merger. Such audit report 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 merger. If you would like more information, or have any questions about the merger, please contact your usual professional adviser or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,



**Chris Burkhardt**  
Authorised Signatory



**Nirosha Jayawardana**  
Authorised Signatory