

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 International Selection Fund 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.

24 May 2017

Dear Shareholder,

Schroder International Selection Fund

We are pleased to inform you the following changes to Schroder International Selection Fund (the "**Company**").

1. Fee reduction

The board of directors of the Company has decided to lower the customary charges payable to Schroder Investment Management (Luxembourg) S.A., the Company's management company for its services as administration agent, coordinator, domiciliary agent, global distributor, principal paying agent and registrar and transfer agent. The charges have been reduced from a maximum of 0.3% per annum to a maximum of 0.25% with effect from 1 July 2016.

As these fees are a fixed percentage of the net asset value of a sub-fund of the Company (a "**Fund**") it will not vary with the cost of providing the relevant services. As such the Management Company could make a profit (or loss) on the provision of those services, which will fluctuate over time on a Fund by Fund basis.

2. Clarification and enhancement of investment objectives and policies

The board of directors of the Company has made clarifications and enhancements to the investment objectives and policies of certain Funds. This is part of the Company's continual review of all fund documentation to ensure that it reflects current best practice in the market. The investment policies of the Funds have also been clarified and enhanced for compliance with the Securities and Futures Commission's minimum disclosure requirements.

The Company confirms that in respect of these clarifications and enhancements:

- the investment style, investment philosophy and risk profile of the Funds remain the same;
- the fees chargeable in respect of the Funds as stated in the Prospectus remain the same (except for certain classes of shares for which shareholders have been informed accordingly).

Please refer to the revised Hong Kong offering documents of the Company (comprising the Prospectus, Hong Kong Covering Document and Product Key Facts Statements of the Funds) for details of the clarification and enhancement of disclosures. The revised Hong Kong offering documents are available free of charge at www.schroders.com.hk¹ or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited. To help identify where changes have been made, a table setting out the previous and current investment objectives and policies of the Funds is available at www.schroders.com.hk¹. In addition, the comparison documents of the Hong Kong offering documents showing the clarifications and enhancements made to the investment objectives and policies of the Funds will be available upon request from the Hong Kong Representative.

3. Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Funds and/or continuing to invest in the Funds through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each Shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Funds through FIs in Hong Kong.

4. Hong Kong Dollar Bond

We refer to the notice dated 3 April 2017 in respect of the Hong Kong Dollar Bond's investments through the China Interbank Bond Market Initiative. The enhanced additional information of Hong Kong Dollar Bond that will be disclosed in the "Fund Details" section of the Hong Kong Covering Document of the Company should be as follows:

"Hong Kong Dollar Bond

For clarification, the Fund may invest in the PRC to achieve its investment objective through the China Interbank Bond Market Initiative. It is intended that the exposure of the Fund to PRC onshore investment through the China Interbank Bond Market Initiative will be less than 30% of the Net Asset Value.

The Fund may not invest:-

- (a) more than 10% of its Net Asset Value in Urban Investment Bonds (城投債), which means debt instruments issued by local government financing vehicles ("LGFVs") and traded on the PRC exchange-traded bond markets and interbank bond market. These LGFVs are separate legal

¹ This website has not been reviewed by the SFC.

entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects;

- (b) more than 5% of its Net Asset Value in asset-backed securities (including mortgage-backed securities and asset-backed commercial papers); and
- (c) in structured deposits or structured products.

Investors may refer to the section headed "China Interbank Bond Market" of this document for further information about the China Interbank Bond Market Initiative and the section headed "Overview of the PRC debt securities market" in Appendix I of this document for further information about debt securities issued in the PRC. "

For the avoidance of doubt, there is no change to Hong Kong Dollar Bond's investments through the China Interbank Bond Market Initiative.

Costs of making the above changes including regulatory and shareholder communication costs will be borne by Schroder Investment Management (Luxembourg) S.A. which is the Company's management company.

This notification is to provide you with updated information in relation to the Company. You are not required to take any action with respect to this letter. If you have any questions or would like more information, please contact your usual professional advisor or Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,



Patrick Stampfli
Authorised Signatory



Cord Rodewald
Authorised Signatory