

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.

12 January 2018

Dear Shareholder,

Schroder International Selection Fund – Asian Bond Absolute Return

The board of directors of Schroder International Selection Fund (the "Company") has decided to change the name, investment objective and policy and to reduce the management fee of Schroder International Selection Fund – Asian Bond Absolute Return (the "Fund") with effect from 1 March 2018 (the "Effective Date").

Name change

The Fund's new name will be Schroder International Selection Fund – Asian Bond Total Return.

Investment Objective and Policy Change

The Asian bond markets were historically relatively volatile versus bond markets in the US and Europe because of their historical low level of market development. However, over the past 10 years, Asian bond markets have grown in sophistication and depth and their relative volatility has dropped significantly. The manager believes that an absolute return strategy, which aims to preserve capital over a 12 month period, served well in the past when the relative volatility was higher. A total return strategy, which has a longer investment horizon, will be better able to provide investors looking to capitalise on opportunities in Asian bond markets in the future. Therefore, the Fund will change from an absolute return strategy to a total return strategy from the Effective Date. As a result of the change of strategy, the risk profile of the Fund will be more in line with the movement of the Asian USD denominated and Asian local currency bond markets.

In addition, from the Effective Date the Fund will be able to invest in bonds from a wider range of Asian countries, as the definition of Asia will be expanded for this Fund to include the west Asian countries listed in the new investment policy below.

The investment objective and policy of the Fund, which are contained in the Company's prospectus, will be changed from:

"Investment Objective

The Fund aims to provide an absolute return of capital growth and income by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan).

Absolute return means the Fund seeks to provide a positive return over a 12 month period in all market conditions, but this cannot be guaranteed and your capital is at risk.

Investment Policy

The Fund invests at least two-thirds of its assets in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan), derivatives related to the above instruments and currencies. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest in mainland China through the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets.

The Fund may invest up to 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds).

The Fund may also invest in money market instruments. In aiming to deliver an absolute return, a substantial part of the Fund may be held in cash which may include short term developed market government bonds.

The Fund may use derivatives (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps may be used to gain long and short exposure on fixed and floating rate securities. The gross exposure of total return swaps will not exceed 60% and is expected to remain within the range of 0% to 30% of the Net Asset Value. In certain circumstances this proportion may be higher."

to:

"Investment Objective

The Fund aims to provide capital growth and income by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia.

Investment Policy

The Fund invests at least two-thirds of its assets in fixed and floating rate securities, derivatives related to these securities and currencies. The fixed and floating rate securities are issued by governments, government agencies, supra-nationals and companies in Asia. For the purposes of this Fund, Asia includes the following west Asian countries: Bahrain, Israel, Lebanon, Oman, Qatar, Saudi Arabia, Turkey and United Arab Emirates.

The Fund is designed to participate in rising markets whilst aiming to mitigate losses in falling markets through the use of derivatives. The mitigation of losses cannot be guaranteed.

The Fund may invest in mainland China through the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets.

The Fund may invest up to 50% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds). The Fund may (exceptionally) hold 100% of its assets in money market instruments or cash.

The Fund may use derivatives (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. Where the Fund uses total return swaps, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps may be used to gain long and short exposure on fixed and floating rate securities. The gross exposure of total return swaps will not exceed 60% and is expected to remain within the range of 0% to 30% of the Net Asset Value. In certain circumstances this proportion may be higher."

Management Fee Reduction

We are pleased to inform you that the management fee of the Fund will be reduced. The new fee rates are as follows:

Share Classes	Current Management Fee	New Management Fee
A Shares	1.25%	1.00%
A1 Shares	1.25%	1.00%
D Shares	1.25%	1.00%

All other key features of the Fund, including other fees chargeable in respect of the Fund, will remain the same. Moreover, there will be no change to the additional information of the Fund as disclosed in the "Fund Details" section of the Hong Kong Covering Document of the Company. The changes to the Fund will not materially prejudice the rights or interests of the existing Shareholders.

The Hong Kong offering documents of the Company (comprising the Prospectus, Hong Kong Covering Document and Product Key Facts Statements) will be revised in due course to reflect the above changes. The 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 (the "Representative") at Level 33, Two Pacific Place, 88 Queensway, Hong Kong.

We hope that you will choose to remain invested in the Fund following these changes, but if you wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds authorized by the Securities and Futures Commission ("SFC")² before the Effective Date you may do so at any time up to and including the deal cut-off at 5:00 p.m. Hong Kong time on 28 February 2018. We will execute your redemption or switch instructions in accordance with the provisions of the Company's prospectus, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local agents might also have a local deal cut-off which is earlier than that

¹ This website has not been reviewed by the SFC.

² 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.

described above, so please check with them to ensure that your instructions reach the Representative in Hong Kong before the deal cut-off at 5:00 p.m. Hong Kong time on 28 February 2018.

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

If you have any questions or would like more information, please contact your usual professional advisor or the Representative at Level 33, Two Pacific Place, 88 Queensway, Hong Kong or calling the Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,



Cord Rodewald
Authorised Signatory



Alastair Woodward
Authorised Signatory