

**21 December 2018**

Dear Shareholder,

## **Schroder International Selection Fund – European Market Neutral**

The board of directors of Schroder International Selection Fund (the "Company") has decided to change the expected level of leverage and clarify the investment policy of Schroder International Selection Fund – European Market Neutral (the "Fund") with effect from 31 January 2019 (the "Effective Date").

### **Investment Policy Clarification**

The Fund's investment policy will change to increase the gross exposure for contracts for difference (CFDs). The permitted gross exposure of CFDs will change from 200% to 250% of the Net Asset Value. The expected range of the gross exposure of CFDs will change from 0% - 100% of the Net Asset Value to 0% - 150% of the Net Asset Value. The language describing CFDs will also be amended to clarify that where they are used the underlying will consist of instruments that are in line with the investment objective and investment policy of the Fund.

The Fund's investment policy, which is contained in the Company's prospectus, is being changed from:

#### **“Investment policy**

The Fund 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 instruments or cash.

The Fund adopts a market-neutral strategy which aims to deliver returns that are not closely correlated to returns of the European equity markets. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may use derivatives, long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. 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 contracts for difference will not exceed 200% and is expected to remain within the range of 0% to 100% of the Net Asset Value. In certain circumstances this proportion may be higher.”

To:

#### **“Investment policy**

The Fund 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 Instruments or cash.

The Fund adopts a market-neutral strategy which aims to deliver returns that are not closely correlated to returns of the European equity markets. As the Fund is index-unconstrained it is managed without reference to an index.

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. In particular, 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 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."

### **Expected Leverage Change**

The Fund's expected level of leverage disclosed in the Company's prospectus will change from 150% of the total net assets to 350% of the total net assets. This increased number more accurately reflects how the leverage is measured and takes into account certain financial derivative instruments (specifically FX forwards). There will be no change to the way the Fund is managed or to its risk profile as a result of this change.

The Fund's expected level of leverage, which is reflected in the Company's prospectus, is being changed from:

**"Expected Leverage**

150% of the total net assets"

To:

**"Expected Leverage**

350% of the total net assets"

All other key features of the Fund will remain the same. There will be no change in the Fund's investment style or investment philosophy following these changes. The ISIN codes of the share classes affected by these changes are listed in the appendix at the end of this letter.

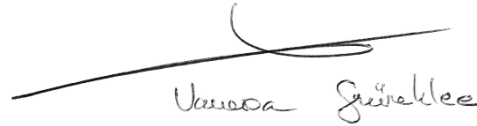
We hope that you will choose to remain invested in the Fund following these changes, but if you do wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds before the Effective Date you may do so at any time up to and including deal cut-off on 30 January 2019. Schroder Investment Management (Europe) S.A. 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 described above, so please check with them to ensure that your instructions reach Schrodgers in Luxembourg before the deal cut-off on 30 January 2019.

If you have any questions or would like more information about Schrodgers' products please contact your local Schrodgers office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 212.

Yours faithfully,



**Chris Burkhardt**  
Authorised Signatory



**Vanessa Grueneklee**  
Authorised Signatory

**Appendix**

ISIN codes of share classes affected by the changes

<b>Share class</b>	<b>Share class currency</b>	<b>ISIN code</b>
A Accumulation	EUR	LU0748063764
A1 Accumulation	EUR	LU0801193649
B Accumulation	EUR	LU0801193722
C Accumulation	EUR	LU0748063848
E Accumulation	EUR	LU0811997104
A Distribution AV	EUR	LU0748064069
A Distribution AV	GBP	LU0801193995
E Accumulation	GBP Hedged	LU0811997443
A Accumulation	USD Hedged	LU0871500038