

9 February 2022

Dear Shareholder,

Schroder International Selection Fund — Sustainable European Market Neutral

We are writing to advise you that a sub-fund in which you are invested is due to receive assets from another sub-fund through a merger. This merger is not expected to have any impact on your investment. The size of the merging sub-fund is approximately three times larger than the sub-fund in which you are invested as at 31 October 2021. We have provided full details of this merger below.

On **22 March 2022** (the "Effective Date"), Schroder International Selection Fund — European Equity Absolute Return (the "Merging Fund") will merge into Schroder International Selection Fund — Sustainable European Market Neutral (the "Receiving Fund"). Dealing in the Receiving Fund will not be interrupted by the merger.

Background and rationale

The Merging Fund and Receiving Fund have a similar investment approach and risk profile, and given both sub-funds have a relatively small fund size, we believe that shareholders in both funds will benefit from this Merger. The Merging Fund had approximately EUR 30.7 million under management as of 31 October 2021, while the Receiving Fund had approximately EUR 10.5 million under management as of the same date.

A merger into the Receiving Fund offers investors of the Merging Fund an alternative sub-fund with a broadly similar investment approach. Both the Merging Fund and the Receiving Fund focus on providing a positive return after fees have been deducted by investing in equity and equity related securities of European companies. Both sub-funds are managed by the same portfolio manager and team, and use broadly the same process. There is a close match in terms of stock names between the Merging Fund and Receiving Funds. The Receiving Fund takes into account sustainability criteria when selecting its investments, as described in the prospectus of the Company (the "Prospectus"). Both the Merging Fund and the Receiving Fund may use derivatives for the purposes of achieving investment gains, hedging risks and efficient portfolio management.

The decision to merge the Merging Fund into the Receiving Fund is in accordance with Article 5 of the articles of incorporation of the Company (the "Articles") and the provisions of the Prospectus and is in the interest of both funds' shareholders.

This notice is required by Luxembourg law and is being sent to you for information 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.

The Receiving Fund and the Merging Fund are subject to a performance fee. In respect of the performance fees applicable to the Receiving Fund, the high water mark of the relevant share classes may be reset (increased) on the Effective Date, taking due account of the best interests of the shareholders, if immediately prior to the Effective Date the relative percentage difference between the gross asset value per share and the high water mark is greater for the Merging Fund when compared to the Receiving Fund. No crystallisation of the performance fees in the Receiving Fund will occur at that point. This means the performance-related fee effect for the shareholders of the Receiving Fund would change from the Effective Date to the advantage of shareholders of the Receiving Fund, as the Receiving Fund's performance would have to exceed a high water mark set at a higher level for a performance fee to be payable.

If the circumstances described above do not apply, there will be no change to the high water mark of the Receiving Fund and the performance-related fee effect for the shareholders of the Receiving Fund as a result of the Merger will remain unchanged at the Effective Date and no different than if the Receiving Fund had received external investor subscriptions.

The above approaches ensure a fair treatment of shareholders of both the Receiving Fund and the Merging Fund in accordance with Article 4 of the Regulation of the Commission de Surveillance du Secteur Financier n°10-05 transposing Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

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 the Effective Date (as defined above). 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 prior to the merger. If you do not wish to continue to hold shares in the Receiving Fund you may at any time up to and including the deal cut-off at 1:00 p.m. Luxembourg time on **22 March 2022** send your instructions to redeem or switch your shares for execution prior to the merger. HSBC Continental Europe, Luxembourg ("HSBC") will carry out your instructions free of charge in accordance with the provisions of the Prospectus. 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 Luxembourg, and we recommend that you check with them to ensure that your instructions reach HSBC before the deal cut-off given above.

Redemption and / or switching of shares may affect the tax status of your investment, so we recommend that you 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. 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. Any 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.

Further information

Luxembourg law requires that an audit report be prepared by the Company's approved statutory auditor in relation to the merger. This audit report will be available free of charge upon request from the Management Company.

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 local Schroders office, your usual professional adviser or the Management Company on (+352) 341 342 202.

Yours faithfully,

The Board of Directors

Appendix

ISIN codes of share classes affected by this change

Share class	ISIN code
A Accumulation EUR	LU0748063764
A Distribution EUR	LU0748064069
A Distribution GBP	LU0801193995
A Accumulation USD Hedged	LU0871500038
A1 Accumulation EUR	LU0801193649
A1 Accumulation USD Hedged ¹	LU2426183435
B Accumulation EUR	LU0801193722
B Accumulation USD Hedged ¹	LU2426183518
C Accumulation EUR	LU0748063848
C Accumulation USD Hedged ¹	LU2426183609
C Accumulation GBP Hedged ¹	LU2426183278
E Accumulation EUR	LU0811997104
E Accumulation GBP Hedged	LU0811997443
R Accumulation EUR ¹	LU2426183195
R Accumulation USD Hedged ¹	LU2426183781
R Accumulation GBP Hedged ¹	LU2426183351
IZ Accumulation EUR	LU2016216157

The Merger will also apply to any additional share classes launched prior to the Effective Date.

¹ This share class will be launched prior to the Effective Date to facilitate the Merger.