

**7 January 2022**

Dear Shareholder,

## **Schroder International Selection Fund — Middle East merger with Schroder International Selection Fund — Frontier Markets Equity**

We are writing to advise you that on **21 February 2022** (the "Effective Date"), Schroder International Selection Fund — Middle East (the "Merging Fund") will merge with Schroder International Selection Fund — Frontier Markets Equity (the "Receiving Fund") (the "Merger"). Shareholders in the Merging Fund will receive the equivalent value of shares in the Receiving Fund in place of their current shares in the Merging Fund.

### **Background and rationale**

The Merging Fund and the Receiving Fund have a similar investment approach and risk profile, and given the relative size of the two funds, we believe that shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The Merging Fund has approximately USD 57 million under management as of 30 September 2021 while the Receiving Fund has approximately USD 403 million under management as of the same date.

A merger into the Receiving Fund offers investors of the Merging Fund an alternative fund with enhanced scale and a broadly similar investment approach. Both the Merging Fund and the Receiving Fund focus on providing capital growth by investing in equity and equity related securities of companies. The investment exposure of both the Merging Fund and the Receiving Fund offers some commonality across companies and regions although the Merging Fund has its main geographical focus in the Middle East, as well as in emerging Mediterranean markets and North Africa, while the Receiving Fund has its main geographical focus in frontier emerging markets, which currently include Asia, Eastern Europe, Latin America, the Middle East and Africa. As of end September 2021, the Receiving Fund had approximately 30% of its exposure in the Middle East and North Africa.

In addition, the greater size of the Receiving Fund can offer the potential for additional economies of scale following the Merger with the Merging Fund. 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 of the Company (the "Prospectus") and is in the interest of both funds' shareholders.

### **Investment objectives and policies**

The investment objective of both the Merging Fund and the Receiving Fund includes the provision of capital growth by investing mainly in equity and equity related securities of companies. The Merging Fund typically holds 30 – 70 companies whereas the Receiving Fund typically holds 50 – 70 companies. As of end September 2021, the Merging Fund held 53 companies, and the Receiving Fund, 63 companies. Both the Merging Fund and Receiving Fund may use derivatives for the purposes of achieving investment gains, hedging risks and efficient portfolio management.

### **Share classes and annual investment management fee changes**

The synthetic risk and return indicator (the SRRI) of the Receiving Fund and the Merging Fund is the same (category 5). The base currency of both the Merging Fund and the Receiving Fund is USD. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found in the Appendix.

The table below summarises the annual investment management charges (the AMC) and ongoing charges<sup>1</sup> (the OGC) for the share classes of the Merging Fund and the Receiving Fund.

Share class	Merging Fund		Receiving Fund	
	AMC	OGC <sup>1</sup>	AMC	OGC <sup>1</sup>
<b>A Acc USD</b>	1.50%	2.00%	1.50%	1.97%
<b>A Acc EUR</b>	1.50%	2.00%	1.50% <sup>2</sup>	1.97% <sup>3</sup>
<b>A Acc SGD</b>	1.50%	2.00%	1.50% <sup>2</sup>	1.97% <sup>3</sup>
<b>C Acc USD</b>	1.00%	1.45%	1.00%	1.42%
<b>C Acc EUR</b>	1.00%	1.45%	1.00%	1.42%

Shareholders in the Merging Fund will be charged the same AMC and lower OGC in all cases as a result of 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.

### **Dealing cut-off time and settlement periods for subscriptions and redemptions**

There is no change to the dealing cut-off time or the settlement periods. The dealing cut-off time of the Receiving Fund is 5.00 p.m. Singapore time on the dealing day. Orders that reach the Singapore Representative, Schroder Investment Management (Singapore) Limited before the cut-off time will be executed on the dealing day. The settlement periods for subscription and redemption are within three business days following a dealing day.

A key features comparison table of the Merging Fund and the Receiving Fund (including the share class changes) can be found in the Appendix.

### **Merger**

This Merger notice is required by Luxembourg law.

As a result of the Merger, there will be no change of legal entities acting as investment manager, which remains Schroder Investment Management Limited.

<sup>1</sup> Percentages are per annum and are stated with reference to the net asset value per share. The OGCs include, where applicable, the distribution charge, shareholder servicing charge, investment management fee and other administration costs including the fund administration, custodian and transfer agency costs. They include the management fees and administration costs of the underlying investment funds in the portfolio. The OGCs are as at 30 June 2021.

<sup>2</sup> This share class will be launched prior to the Effective Date to facilitate the Merger.

<sup>3</sup> This is an indicative figure, derived from the difference in OGC between share classes that exist for both funds.

### **Costs and expenses of the Merger**

The Merging Fund has no unamortised preliminary expenses and outstanding set-up costs. The expenses incurred in the Merger, including the legal, advisory and administrative costs, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the Management Company).

From **7 January 2022**, the Merging Fund's net asset value per share will be adjusted down each time there is a net outflow from the Merging Fund by means of a dilution adjustment. This is in order to account for the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund's portfolio, or associated with redemption or switch orders received during the period leading up to the Merger. In the event that there are net inflows to the Merging Fund during this period the net asset value per share will be adjusted upwards. The intention of the adjustment is to protect existing and continuing investors in the Merging Fund from bearing all such market-related transaction costs and to apportion these appropriately. However, we do not expect that the transaction costs will be significant and they will not have a material impact on the shareholders of the Receiving Fund and the Merging Fund. Further information relating to dilution adjustments is available in the Prospectus in section 2.4 "Calculation of Net Asset Value". The Prospectus is available at <http://www.schroders.com.sg>.

### **Exchange ratio, treatment of accrued income and consequences of the Merger**

On the Effective Date, the net assets of the Merging Fund will be transferred to the Receiving Fund. For the shares of each class that they hold in the Merging Fund, shareholders of the Merging Fund will receive an equal amount by value of shares of the corresponding class in the Receiving Fund. The exchange ratio of the Merger will be the result of the ratio between the net asset value of the relevant class of the Merging Fund and the net asset value or initial issue price of the relevant class of the Receiving Fund as of the Effective Date. While the overall value of the shareholders' holdings will remain the same, shareholders may receive a different number of shares in the Receiving Fund than they had previously held in the Merging Fund.

Any accrued income relating to the Merging Fund's shares at the time of the Merger will be included in the calculation of the final net asset value per share of the Merging Fund and will be accounted for after the Merger in the net asset value per share of the Receiving Fund. The Receiving Fund will not bear any additional income, expenses and liabilities attributable to the Merging Fund accruing after the Effective Date.

You will become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Merging Fund. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found under section "Existing and New Share Class Mapping" in the Appendix.

The first dealing date for your shares in the Receiving Fund will be **22 February 2022**, the related deal cut-off for this dealing day being 5.00 p.m. Singapore time on the dealing day.

### **Rights of shareholders to redeem/switch**

If you do not wish to hold shares in the Receiving Fund from the Effective Date, you have the right to redeem your holding in the Merging Fund or to switch into another Schroder fund at any time up to and including the dealing day on **14 February 2022**.

Local agents may 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 the Singapore Representative before the 5.00 p.m. Singapore time deal cut-off on **14 February 2022**.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on **7 January 2022**. To allow sufficient time for changes to be made to regular savings plans and similar facilities,

subscriptions or switches into the Merging Fund will be accepted from existing investors until **31 January 2022** (deal cut-off at 5.00 p.m. on **31 January 2022**).

**Tax status**

The conversion of shares at the time of the Merger and / or your redemption or switch of shares prior to the Merger might affect the tax status of your investment. We therefore recommend that you seek independent professional advice in these matters.

**Further information**

An audit report will be prepared by the approved statutory auditor in relation to the Merger and will be available free of charge upon request from the Singapore Representative.

We hope that you will choose to remain invested in the Receiving Fund after the Merger. If you would like more information, please contact your local Schrodgers office, your usual professional adviser or the Schrodgers' Investor Hotline on +65 6534 4288.

Yours faithfully,

Schroder Investment Management (Singapore) Ltd

This is a computer generated letter and requires no signature.

## Appendix

### Key Features Comparison Table

The following is a comparison of the principal features of the Merging Fund and the Receiving Fund. Both are sub-funds of the Company. Full details are set out in the Prospectus.

	<b>Merging Fund — Schroder International Selection Fund – Middle East</b>	<b>Receiving Fund — Schroder International Selection Fund – Frontier Markets Equity</b>
<b>Prospectus Investment Objective and Policy</b>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the MSCI Arabian Markets and Turkey (Net TR) index with Saudi Arabia capped at 20% after fees have been deducted over a three to five year period by investing in equity and equity related securities of Middle Eastern companies, including companies in emerging Mediterranean markets and North Africa.</p> <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of Middle Eastern companies, including companies in emerging Mediterranean markets and North Africa.</p> <p>The Fund typically holds 30-70 companies.</p> <p>The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p><b>Benchmark</b></p>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the MSCI Frontier Emerging Markets (FEM) index (Net TR) with emerging markets capped at 10% after fees have been deducted over a three to five year period by investing in equity and equity related securities of frontier emerging markets companies.</p> <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of frontier emerging markets companies worldwide.</p> <p>The Fund typically holds 50-70 companies.</p> <p>'Frontier emerging markets' are countries included in the MSCI Frontier Emerging Markets (FEM) index or any other recognised frontier markets financial index, or additional countries that the Investment Manager deems to be frontier emerging market countries.</p> <p>The Fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p>

	<b>Merging Fund — Schroder International Selection Fund – Middle East</b>	<b>Receiving Fund — Schroder International Selection Fund – Frontier Markets Equity</b>
	<p>The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Arabian Markets and Turkey (Net TR) index with Saudi Arabia capped at 20%. The Fund's investment universe is expected to overlap materially, directly or indirectly, with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.</p> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.</p>	<p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Frontier Emerging Markets (FEM) index (Net TR) with emerging markets capped at 10%. The Fund's investment universe is expected to overlap materially, directly or indirectly, with the components of the target benchmark. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.</p> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.</p>
<b>Investment Manager</b>	Schroder Investment Management Limited	Schroder Investment Management Limited
<b>Profile of the Typical Investor</b>	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
<b>Fund Category</b>	Specialist Equity Fund	Specialist Equity Fund
<b>Fund Currency</b>	USD	USD

	<b>Merging Fund — Schroder International Selection Fund – Middle East</b>	<b>Receiving Fund — Schroder International Selection Fund – Frontier Markets Equity</b>
<b>Launch Date</b>	3 September 2007	15 December 2010
<b>Fund Size (at end September 2021)</b>	USD 57.4m	USD 403.2m
<b>Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions</b>	<p>Orders must reach the Singapore Representative before 5:00 pm Singapore time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>	<p>Orders must reach the Singapore Representative before 5:00 pm Singapore time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>
<b>Risk Management Method</b>	Commitment	Commitment
<b>Initial Charge</b>	<p>A: up to 5.00% of the total subscription amount</p> <p>C: up to 1.00% of the total subscription amount</p>	<p>A: up to 5.00% of the total subscription amount</p> <p>C: up to 1.00% of the total subscription amount</p>
<b>Management Fees by share class</b>	<p>A: 1.50% per annum</p> <p>C: 1.00% per annum</p>	<p>A: 1.50% per annum</p> <p>C: 1.00% per annum</p>
<b>Ongoing Charges by share class (as at 30 June 2021)</b>	<p>A: 2.00% per annum</p> <p>C: 1.45% per annum</p>	<p>A: 1.97% per annum</p> <p>C: 1.42% per annum</p>
<b>Performance fee details</b>	None	None

**Existing and New Share Class Mapping**

<b>Merging Fund — Schroder International Selection Fund - Middle East</b>		<b>Receiving Fund — Schroder International Selection Fund - Frontier Markets Equity</b>	
<b>Existing Share Class Held</b>	<b>ISIN Codes</b>	<b>New Share Class to be Held</b>	<b>ISIN Codes</b>
A Accumulation USD	LU0314587907	A Accumulation USD	LU0562313402
A Accumulation EUR	LU0316459139	A Accumulation EUR <sup>1</sup>	LU2407913743
A Accumulation SGD	LU0339279753	A Accumulation SGD <sup>1</sup>	LU2407914121
C Accumulation USD	LU0314589358	C Accumulation USD	LU0562314715
C Accumulation EUR	LU0316465888	C Accumulation EUR	LU0968301142

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

<sup>1</sup> This share class will be launched prior to the Effective Date to facilitate the Merger.