

18 August 2023

Dear Shareholder,

Schroder International Selection Fund (the "Company") – Global Credit Income Short Duration (the "Fund")

We are writing to inform you that on 20 September 2023 (the "Effective Date") the name, investment objective, investment policy and sustainability criteria of the Fund will change.

Background and rationale

The Fund incorporates binding environmental and/or social characteristics with the meaning of article 8 of the Sustainable Finance Disclosure Regulation ("SFDR"). However, the investment manager has decided to enhance the way the sustainability criteria are applied. This involves:

- Structuring the strategy around key sustainability themes;
- Selecting individual securities against environmental, social and governance factors; and
- Applying a screen that filters out the most environmental and socially harmful activities

We believe that these additional criteria enhance the Fund's existing strategy.

Full details of the changes being made can be viewed in Appendix 1 to this letter.

The existing investment objective and policy of aiming to provide capital growth by investing in fixed and floating rate securities issued by governments and companies worldwide has not changed.

The extent of the change to the risk/reward profile of the Fund as a result of this change is non-significant.

All other key features of the Fund, including the relevant risk indicator and fees, will remain the same.

Redeeming or switching your shares to another Schroders fund

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 20 September 2023. Please ensure that your redemption or switch instruction reaches HSBC Continental Europe, Luxembourg ("HSBC") before this deadline. HSBC 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 HSBC before the deal cut-off given above.

You can find the Fund's updated key information document (the KID) for the relevant share class and the Company's Prospectus at www.schroders.lu.

If you have any questions or would like more information about Schroders' products please visit www.schroders.com or contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

The Board of Directors

Appendix 1

Name Change

From the Effective Date the Fund's name will change from:

Schroder International Selection Fund Global Credit Income Short Duration

To:

Schroder International Selection Fund Sustainable Global Credit Income Short Duration

Investment Objective and Policy Change

New wording is shown in bold. Removed wording is shown as strikethrough text.

Old Investment Objective and Policy	New Investment Objective and Policy
<p>Investment Objective</p> <p>The Fund aims to provide capital growth and income by investing in fixed and floating rate securities issued by governments and companies worldwide. The Fund aims to reduce interest rate risk (as defined by duration) by focussing on fixed and floating rate securities with a duration of less than four years.</p>	<p>Investment Objective</p> <p>The Fund aims to provide capital growth and income by investing in fixed and floating rate securities issued by governments and companies worldwide which meet the Investment Manager's sustainability criteria. The Fund aims to reduce interest rate risk (as defined by duration) by focussing on fixed and floating rate securities with a duration of less than four years.</p>
<p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate investment grade and high yield securities issued by governments, government agencies, supra-nationals and companies worldwide, including emerging market countries. The Fund's strategy will have an overall duration of less than four years but this does not preclude the fund from investing in securities with a duration above four years. The Investment Manager believes the short duration strategy should limit the overall level of interest rate risk.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> – in excess of 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); 	<p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate investment grade and high yield securities issued by governments, government agencies, supra-nationals and companies worldwide, including emerging market countries. The Fund's strategy will have an overall duration of less than four years but this does not preclude the fund from investing in securities with a duration above four years. The Investment Manager believes the short duration strategy should limit the overall level of interest rate risk.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> – in excess of 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

<ul style="list-style-type: none"> – up to 20% of its assets in asset-backed securities and mortgage-backed securities; – up to 10% of its assets in convertible bonds (including contingent convertible bonds); and – up to 10% of its assets in open-ended Investment Funds. <p>The Investment Manager also aims to mitigate losses by diversifying the Fund's asset allocation away from areas of the market identified as having a high risk of material negative return or principal risk.</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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives, long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a higher overall sustainability score than Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- USD Hedged index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers listed under "Sustainability-Related Disclosure" on the Fund's webpage, accessed via https://www.schroders.com/en/lu/private-investor/gfc</p>	<p>implied Schroders ratings for non-rated bonds);</p> <ul style="list-style-type: none"> – up to 20% of its assets in asset-backed securities and mortgage-backed securities; – up to 10% of its assets in convertible bonds (including contingent convertible bonds); and – up to 10% of its assets in open-ended Investment Funds. <p>The Investment Manager also aims to mitigate losses by diversifying the Fund's asset allocation away from areas of the market identified as having a high risk of material negative return or principal risk.</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, warrants and Money Market Investments, and hold cash (subject to the restrictions provided in Appendix I).</p> <p>The Fund maintains a higher overall sustainability score than Bloomberg Barclays Multiverse (TR) ex Treasury A+ to B- USD Hedged index, based on the Investment Manager's rating system. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers listed under "Sustainability-Related Disclosure" on the Fund's webpage, accessed via https://www.schroders.com/en/lu/private-investor/gfc</p> <p>The Fund invests in companies that have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).</p> <p>The Investment Manager may also engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues. More details on the Investment Manager's approach to sustainability and its engagement with</p>
--	---

	<p>companies are available on the webpage www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may also invest in derivatives to create long and short exposure to the underlying assets of these derivatives.</p>
<p>Sustainability Criteria</p> <p>The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.</p> <p>The strategy aims to identify issuers demonstrating good or improving sustainability credentials, and those that impose a high cost on the environment and society. This involves:</p> <ul style="list-style-type: none"> – The exclusion of issuers that the Investment Manager deems to have businesses that are materially damaging to the climate and impose unjustifiable social costs. – The inclusion of issuers that demonstrate stable and improving sustainability trajectories, and issuers demonstrating good governance based on the Investment Manager's sustainability rating methodology. <p>The Investment Manager may also engage with companies to encourage transparency, the transition to a circular economy with lower carbon emissions intensity and responsible social behaviour that promotes sustainable growth and alpha generation.</p> <p>The primary sources of information used to perform the analysis are the Investment Manager's proprietary tools and research, third-party research, NGO reports and expert networks. The Investment Manager also performs its own analysis of publicly available information provided by the companies, including information provided in company sustainability reports and other relevant company material.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures.</p>	<p>Sustainability Criteria</p> <p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>The strategy applies structural sustainability themes and screens to combine best-in-class companies with investments in issuers demonstrating good or improving sustainability credentials. This is achieved by:</p> <ul style="list-style-type: none"> – The exclusion of issuers that the Investment Manager deems to have businesses that are environmentally destructive, socially costly, violate human rights and/or have demonstrated gross misconduct. – The inclusion of issuers that demonstrate stable and improving sustainability trajectories relative to their industry peers and issuers demonstrating good governance based on the Investment Manager's sustainability rating methodology. As part of the selection process, the Investment Manager also considers companies' commitment to sustainable themes such as climate change mitigation, economic inclusion and health and wellbeing. <p>The selection of green, social and sustainable bonds entails assessing the overall sustainability of the issuer, analysing the use of proceeds and the expected impact on the bond's objectives. A green bond is a fixed or floating rate security that finances an environmental objective. A social bond is a fixed or floating rate security that finances a social objective. A sustainable bond is a fixed or floating rate security that</p>

<p>The Investment Manager ensures that at least:</p> <ul style="list-style-type: none"> – 90% of fixed or floating rate securities and money market instruments with an investment grade credit rating; sovereign debt issued by developed countries; and equities issued by large companies domiciled in developed countries; and – 75% of fixed or floating rate securities and money market instruments with a high yield credit rating; sovereign debt issued by emerging countries equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies, held in the Fund's portfolio are rated against the sustainability criteria. <p>For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.</p>	<p>finances both environmental and social objectives.</p> <p>The Investment Manager may also engage with companies to encourage transparency, the transition to a circular economy with lower carbon emissions intensity and responsible social behaviour that promotes sustainable growth and alpha generation.</p> <p>The primary sources of information used to perform the analysis are Schroders' proprietary sustainability tools and research, and the Investment Manager's third-party research, NGO reports and expert networks. The Investment Manager also performs its own analysis of information provided by the companies, including information provided in company sustainability reports and other relevant company material.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website www.schroders.com/en/lu/private-investor/strategiccapabilities/sustainability/disclosures.</p> <p>The Investment Manager ensures that at least 90% of the portion of the Fund's Net Asset Value composed of investments in companies is rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</p> <p>For the purposes of this test, the potential investment universe is the core universe of issuers that the Investment Manager may select for the Fund prior to the application of sustainability criteria, in accordance with the other limitations of the Investment Objective and Policy. This universe is comprised of fixed and floating rate securities issued by companies worldwide. However, the universe (for the purpose of this test only) does not include fixed or floating rate securities issued by public or quasi-public issuers.</p>
--	--

ISIN codes of the Share Classes impacted by this change:

Share class	Share class currency	ISIN code
A Accumulation	EUR	LU1910164679
A Distribution	EUR	LU1910165056
B Accumulation	EUR	LU1910164752
B Distribution	EUR	LU1910165130
C Accumulation	EUR	LU1910164836
C Distribution	EUR	LU1910165213
I Accumulation	EUR	LU1910164919
I Distribution	EUR	LU1910165304
A Accumulation	AUD Hedged	LU2079709056
C Accumulation	GBP Hedged	LU2079708249
Z Accumulation	GBP Hedged	LU2079708322
A Accumulation	JPY Hedged	LU2079708595
A Distribution	JPY Hedged	LU2079708678
C Accumulation	JPY Hedged	LU2079708751
I Accumulation	JPY Hedged	LU2079708835
A Accumulation	SGD Hedged	LU2079708918
A Distribution	USD Hedged	LU1910165569
A Accumulation	USD Hedged	LU2244453697
A1 Accumulation	USD Hedged	LU2244453770
C Accumulation	USD Hedged	LU1910165643