

27 September 2021

Dear Shareholder,

Schroder International Selection Fund – Multi-Asset Growth and Income (the “Fund”)

We are writing to advise you that on 29 October 2021 (the “Effective Date”) the following changes will be made to the Fund:

- The volatility target will be removed from the Fund’s investment objective;
- A new comparator benchmark made up of the following will be added: 25% MSCI AC World Index (USD), 25% Barclays Global High Yield excl CMBS & EMG 2% (USD), 12.5% Thomson Reuters Convertible Global Focus (USD) and 37.5% Barclays Global Aggregate Bond Index (USD); and
- The Fund will incorporate binding environmental and/or social characteristic(s), within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”). Details of the Fund’s environmental and/or social characteristics and how it seeks to achieve them will be disclosed in the Fund’s investment policy and under a new section called “Sustainability Criteria” in the Fund Characteristics section of the prospectus.

Rationale

Removing the volatility range of 6% – 12% per annum and instead using a market-based comparator for risk analysis provides greater clarity around the expected risk profile. We believe that a market-based comparator provides more context compared to a less informative absolute percentage range.

We believe that incorporating sustainability factors into the Fund’s strategy aligns with the increasing desire among investors to put their money into investments that can clearly demonstrate their sustainability credentials.

Investment Objective Change

The investment objective of the Fund, which is contained in Schroder International Selection Fund (the “Company”)’s prospectus, will change from:

“Investment Objective

The Fund aims to provide capital growth and income over a three to five year period after fees have been deducted by investing in a diversified range of assets and markets worldwide. The Fund aims to provide a volatility (a measure of how much the Fund’s returns vary over a year) of 6-12% per annum.

To:

“Investment Objective

The Fund aims to provide capital growth and income over a three to five year period after fees have been deducted by investing in a diversified range of assets and markets worldwide.

Investment Policy Change

From the Effective Date the following will be added to the Fund's investment policy:

"The Fund maintains a higher overall sustainability score than 25% MSCI AC World Index (USD), 25% Barclays Global High Yield excl CMBS & EMG 2% (USD) Index, 12.5% Thomson Reuters Convertible Global Focus Index (USD) and 37.5% Barclays Global Aggregate Bond Index (USD), based on the Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.

The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via www.schroders.com/en/lu/private-investor/gfc."

Benchmark Change

The benchmark of the Fund, which is contained in the Company's prospectus, will change from the Effective Date from:

"Benchmark

The Fund's performance should be assessed against its target benchmark, being to provide capital growth and income and the volatility target of 6% - 12% per year.

The target benchmark has been selected because the target return of the Fund is to deliver the return of that benchmark as stated in the investment objective. The volatility target has been selected because the Investment Manager deploys strategies that aim to deliver the level of volatility stated in the investment objective."

To:

"Benchmark

"The Fund does not have a target benchmark. The Fund's performance and volatility should be compared against 25% MSCI AC World Index (USD), 25% Barclays Global High Yield excl CMBS & EMG 2% Index (USD), 12.5% Thomson Reuters Convertible Global Focus Index (USD) and 37.5% Barclays Global Aggregate Bond Index (USD). The comparator benchmark is only included for performance and risk comparison purposes and does not have any bearing on how the Investment Manager invests the Fund's assets. The Fund's investment universe is expected to have limited overlap with the components of the comparator 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 comparator benchmark. The Investment Manager will invest in companies or sectors not included in the comparator benchmark.

The comparator benchmark has been selected because the Investment Manager believes that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund."

SFDR Sustainability Criteria

From the Effective Date the following section will be added to the Fund's details in the Company's prospectus to detail how it will seek to achieve the Fund's environmental and/or social characteristics:

"Sustainability Criteria

The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund. The investable universe is assessed using a number of proprietary tools, as well as external rating services.

The Investment Manager will assess companies against a variety of environmental, social and governance metrics, taking into account issues such as climate change, environmental performance, labour standards and board composition. The Investment Manager will decide whether an investment is eligible for inclusion taking into account the overall ESG score. The multi-asset nature of the Fund means that the Investment Manager will analyse the ESG scores across asset classes as an input into the asset allocation of the Fund. The Investment Manager may select investments, which it deems to contribute to one or more environmental or social objectives, provided that they do no significant harm to any other environmental or social objectives.

The sources of information used to perform the analysis include information provided by the companies, such as company sustainability reports and other relevant company material, as well as Schroders' proprietary sustainability tools and third-party data.

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/strategic-capabilities/sustainability/disclosures.

The Investment Manager ensures that at least:

- 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and
- 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries,

held in the Fund's portfolio are rated against the sustainability criteria. 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.

All other key features of the Fund will remain the same.

Investment Policy Clarification

The Fund can invest in China A shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. This is measured on a net basis as exposure may be gained both directly and indirectly. While the Fund can use derivatives with the aim of achieving investment gains and so may gain exposure to China A Shares this way other methods may also be used, such as by the use of debt securities.

To reflect this we have removed a reference from the Fund's investment policy that indirect exposure will be "through derivatives".

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 changes become effective you may do so at any time up to and including deal cut-off on 28 October 2021. 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 on 28 October 2021.

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

The Board of Directors

Appendix

ISIN codes of share classes affected by the changes

Share class	Share class currency	ISIN code
A Accumulation	USD	LU1195516338
A Distribution	USD	LU1326303135
A Distribution	USD	LU1900986214
A1 Accumulation	USD	LU0776416371
B Accumulation	USD	LU1236687239
B Distribution	USD	LU1236687403
C Accumulation	USD	LU0776416538
I Distribution	USD	LU2275661911
IZ Accumulation	USD	LU2016218013
U Accumulation	USD	LU1884790228
U Distribution	USD	LU1884790491
A Distribution	AUD Hedged	LU1326303309
A Distribution	AUD Hedged	LU1900986305
U Distribution	AUD Hedged	LU1884790574
A Accumulation	EUR Hedged	LU1062721409
A Distribution	EUR Hedged	LU1732477531
A1 Accumulation	EUR Hedged	LU1062721581
B Accumulation	EUR Hedged	LU1476608713
B Distribution	EUR Hedged	LU1751207934
C Accumulation	EUR Hedged	LU1062721664
C Distribution	EUR Hedged	LU1751208072

Share class	Share class currency	ISIN code
I Accumulation	EUR Hedged	LU1195516411
A Distribution	HKD	LU1900986487
A Distribution	RMB Hedged	LU1326303481
A Distribution	RMB Hedged	LU1900986560
A Distribution	SGD Hedged	LU1326303218
A Distribution	SGD Hedged	LU1900986644
A Distribution	ZAR Hedged	LU1884790657
U Distribution	ZAR Hedged	LU1884790731