

**14 September 2023**

Dear Shareholder,

## **Schroder International Selection Fund — Global Sustainable Value**

We are writing to advise you that the above 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. We have provided full details of this merger below.

On **8 November 2023** (the "Effective Date"), Schroder International Selection Fund —European Sustainable Value (the "Merging Fund") will merge into Schroder International Selection Fund — Global Sustainable Value (the "Receiving Fund"). Dealing in the Receiving Fund will not be interrupted by the merger.

The decision to merge the sub-funds was taken by the board of directors of Schroder International Selection Fund (respectively the "Board" and the "Company").

As the Merging Fund and Receiving Fund have a similar investment approach and risk profile, we believe that shareholders in both funds will benefit from this merger. The Merging Fund had approximately EUR 71.7 million under management as at the end of July 2023, while the Receiving Fund had approximately USD 24.8 million under management as of the same date. While the Merging Fund has a larger amount of assets under management we believe that the Receiving Fund has a greater potential for future capital growth.

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 capital growth in excess of their benchmarks after fees have been deducted over a three to five year period. The Merging Fund and the Receiving Fund's performance should be assessed against their respective target benchmark and compared against their respective comparator benchmark, MSCI Europe (Net TR) index and MSCI Europe Value (Net TR) index for the Merging Fund and MSCI World (Net TR) index and MSCI World Value (Net TR) index for the Receiving Fund. The Merging Fund focuses on European companies while the Receiving Fund focuses on companies worldwide.

Both the Merging Fund and the Receiving Fund have environmental and/or social characteristics within the meaning of Article 8 under the Sustainable Finance Disclosure Regulation. Both the Merging Fund and the Receiving Fund may use derivatives for the purposes of hedging risks and efficient portfolio management.

While the investment policy of the Merging Fund does not foresee investments in China, the Receiving Fund may invest directly in China B-Shares and China H-Shares and may invest in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and shares listed on the STAR Board and the ChiNext.

The base currency of the Merging Fund is EUR and the one of the Receiving Fund is USD.

As a result of this Merger, the extent of the change to the risk/reward profile of the Receiving Fund is non-significant.

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.

### **Impact on the Receiving Fund's investment portfolio**

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 purchase additional exposure in line with its investment policy in order to reinvest the cash that will be received from the Merging Fund in the context of the merger.

The Receiving Fund currently has slightly higher on-going charges (the OGC). We believe that the combined assets under management of the Merging Fund and the Receiving Fund will offer potential economies of scale to both sets of investors in the future.

### **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").

Transactions costs to be borne by the Merging Fund in relation to the disposal of assets are expected to represent 23 basis points. 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.

### **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 13.00 Luxembourg time on **7 November 2023** 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. We therefore recommend you to 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 and 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. Thereafter 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

The table below summarises the annual investment management fees (the **AMC**) and 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 EUR</b>	1.50%	1.84%	1.50% <sup>2</sup>	1.93% <sup>3</sup>
<b>A Dis EUR</b>	1.50%	1.84%	1.50% <sup>2</sup>	1.93% <sup>3</sup>
<b>A Dis GBP</b>	1.50%	1.84%	1.50% <sup>2</sup>	1.93% <sup>3</sup>
<b>A Dis RMB Hedged</b>	1.50%	1.87%	1.50% <sup>2</sup>	1.93% <sup>3</sup>
<b>A Dis SGD Hedged</b>	1.50%	1.87%	1.50% <sup>2</sup>	1.93% <sup>3</sup>
<b>A Dis USD Hedged</b>	1.50%	1.87%	1.50% <sup>2</sup>	1.90% <sup>3</sup>
<b>A1 Acc EUR</b>	1.50%	2.35%	1.50% <sup>2</sup>	2.43% <sup>3</sup>
<b>A1 Acc USD Hedged</b>	1.50%	2.38%	1.50%	2.40%
<b>A1 Dis EUR</b>	1.50%	2.35%	1.50% <sup>2</sup>	2.43% <sup>3</sup>
<b>A1 Dis USD Hedged</b>	1.50%	2.38%	1.50% <sup>2</sup>	2.40%
<b>B Acc EUR</b>	1.50%	2.44%	1.50%	2.53% <sup>3</sup>
<b>B Dis EUR</b>	1.50%	2.44%	1.50% <sup>2</sup>	2.53% <sup>3</sup>
<b>C Acc EUR</b>	0.75%	1.05%	0.75%	1.13% <sup>3</sup>
<b>C Dis EUR</b>	0.75%	1.05%	0.75% <sup>2</sup>	1.13% <sup>3</sup>
<b>IZ Acc EUR</b>	0.75%	0.81%	Up to 0.75% <sup>2</sup>	0.89% <sup>3</sup>
<b>Z Acc EUR</b>	0.75%	1.05%	Up to 0.75% <sup>2</sup>	1.08% <sup>3</sup>
<b>Z Dis EUR</b>	0.75%	1.05%	Up to 0.75% <sup>2</sup>	1.08% <sup>3</sup>

<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 31 December 2022.

<sup>2</sup> This share class will be launched on or 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.

Luxembourg law requires that an audit report to be prepared by the Company's approved statutory auditor in relation to the merger. Such 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**

The following is a list of share classes and respective ISIN codes affected by this merger.

<b>Share Class</b>	<b>ISIN Code</b>
A Accumulation	LU2405385472
A1 Accumulation	LU2405385555
C Accumulation	LU2405385639
C Distribution	LU2405385712
E Accumulation	LU2405385803
I Accumulation	LU2405385985
I Distribution	LU2554487491
IZ Accumulation	LU2405386017
B Accumulation	LU2405386108
C Accumulation	LU2448034236
E Accumulation	LU2405386280
C Accumulation	LU2448035472
C Distribution	LU2495978137