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**IMPORTANT:** This letter is important and requires your immediate attention. If you have any questions about the content of this letter, you should seek independent professional advice. The directors of Schroder International Selection Fund accept full responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement misleading.

**14 December 2016**

Dear Shareholder,

**Schroder International Selection Fund – changes to the distribution policy of certain share classes**

Following a recent review, the board of directors of Schroder International Selection Fund (the "Company") has decided to change the distribution policy for some share classes (the "Share Classes") of certain sub-funds. The affected Share Classes are listed in the appendix to this letter. The distribution frequency of the Share Classes will not change.

For those Share Classes whose policy is changing to a fixed distribution policy, distributions may be lower than those previously paid out under a variable distribution policy. Funds with a fixed distribution policy may involve a degree of drawdown, in which distributions are partly paid from capital.

The first pay date under the new distribution policies will be announced on 1 January 2017, and the period in which the new distribution policies will become effective is detailed in the appendix.

The Share Classes' fees will remain unchanged and the costs of making these changes including regulatory and shareholder communication costs will be borne by Schroder Investment Management (Luxembourg) S.A. which is the Company's management company.

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 (Luxembourg) S.A. on (+352) 341 342 212.

Yours faithfully,



**Alastair Woodward**  
Authorised Signatory



**Cord Rodewald**  
Authorised Signatory

**Appendix****List of Share Classes with changing distribution policy in Schroder International Selection Fund**

<b>Fund</b>	<b>Share class</b>	<b>Share class currency</b>	<b>Current distribution policy</b>	<b>Future distribution policy</b>	<b>First distribution period under new policy</b>	<b>ISIN</b>
Asian Bond Absolute Return	A Distribution	USD	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU0091253459
Asian Bond Absolute Return	A1 Distribution	USD	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU0160363239
Asian Bond Absolute Return	Z Distribution	USD	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU1281941697
Asian Bond Absolute Return	A1 Distribution	EUR	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU0251570361
Asian Bond Absolute Return	Z Distribution	EUR	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU1281941853
Asian Bond Absolute Return	A1 Distribution	EUR Hedged	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU0327382494
Asian Bond Absolute Return	Z Distribution	EUR Hedged	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU1281942158
Asian Bond Absolute Return	A Distribution	HKD	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU0532872552
Asian Bond Absolute Return	Z Distribution	HKD	Fixed 4% p.a. paid monthly	Variable paid monthly	January 2017	LU1281941937
Strategic Bond	A Distribution	USD	Fixed 3% p.a. paid monthly	Variable paid monthly	January 2017	LU0216291897
Strategic Bond	J Distribution	USD	Fixed 3% p.a. paid monthly	Variable paid monthly	January 2017	LU1046234685
Strategic Bond	A Distribution	EUR Hedged	Fixed 3% p.a. paid quarterly	Variable paid quarterly	January to March 2017	LU0471239094
Strategic Bond	A1 Distribution	EUR Hedged	Fixed 3% p.a. paid quarterly	Variable paid quarterly	January to March 2017	LU0471239177
Strategic Bond	B Distribution	EUR Hedged	Fixed 3% p.a. paid quarterly	Variable paid quarterly	January to March 2017	LU0471239334
Emerging Multi-Asset Income	A Distribution	USD	Variable paid monthly	Fixed 5% p.a. paid monthly	January 2017	LU1196710351
Emerging Multi-Asset Income	A1 Distribution	USD	Variable paid monthly	Fixed 5% p.a. paid monthly	January 2017	LU1196710435
Emerging Multi-Asset Income	C Distribution	USD	Variable paid monthly	Fixed 5% p.a. paid monthly	January 2017	LU1196710518
Emerging Multi-Asset Income	I Distribution	USD	Variable paid monthly	Fixed 5% p.a. paid monthly	January 2017	LU1196710609
Emerging Multi-Asset Income	A Distribution	SGD Hedged	Variable paid monthly	Fixed 5% p.a. paid monthly	January 2017	LU1196710864
Emerging Multi-Asset Income	A Distribution	AUD Hedged	Variable paid monthly	Fixed 5% p.a. paid monthly plus currency premium	January 2017	LU1196710781