

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.

28 February 2018

Dear Shareholder,

Schroder International Selection Fund (the "Company") – Currency Hedged Shares

The Company offers shares in its sub-funds (the "Funds") in a range of currencies to assist Shareholders in managing their exposure to changes in exchange rates. Given the cost and effort involved in offering a currency hedging service on currency hedged Share Classes, the board of directors of the Company has decided to introduce a fee on all currency hedged Share Classes (the "Hedging Charge") of up to 0.03% per annum of the net asset value per share with effect from 30 March 2018 (the "Effective Date"). The Hedging Charge will be payable to the Company's management company, Schroder Investment Management (Luxembourg) S.A. (the "Management Company"), which provides the currency hedging service.

The ongoing charge figures of the currency hedged Share Classes of the Funds will increase as a result of the introduction of the Hedging Charge. Please refer to the Appendix to this letter for the estimated ongoing charge figures of the currency hedged Share Classes of the Funds.

All other key features of the Funds, including other fees chargeable in respect of the Funds and the risk profile of the Funds, will remain the same. The introduction of the Hedging Charge will not result in any change in the operation and/or manner in which the Funds are being managed and will not materially prejudice the rights or interests of the existing Shareholders.

The Hong Kong offering documents of the Company (comprising the Prospectus, Hong Kong Covering Document and Product Key Facts Statements) will be revised in due course to reflect the above changes. The Hong Kong offering documents are available free of charge at www.schroders.com.hk¹ or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited (the "Representative") at Level 33, Two Pacific Place, 88 Queensway, Hong Kong.

We hope that you will choose to remain invested in the currency hedged Share Classes of the Funds following these changes, but if you wish to redeem your holding or to switch into a non-currency hedged Share Class of the Funds authorized by the Securities and Futures Commission ("SFC")² before the Effective Date you may do so at any time up to and including the deal cut-off at 5:00 p.m. Hong Kong time on 29

¹ This website has not been reviewed by the SFC.

² SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

March 2018. We 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 the Representative in Hong Kong before the deal cut-off at 5:00 p.m. Hong Kong time on 29 March 2018.

Costs of making these changes including regulatory and shareholder communication costs will be borne by the Management Company.

If you have any questions or would like more information, please contact your usual professional advisor or the Representative at Level 33, Two Pacific Place, 88 Queensway, Hong Kong or calling the Schroders Investor Hotline on (+852) 2869 6968.

Yours faithfully,



Cord Rodewald
Authorised Signatory



Alastair Woodward
Authorised Signatory

Appendix

Fund	Share Classes	Current ongoing charge figures over a year ³	Estimated ongoing charge figures over a year taking into account the introduction of the Hedging Charge ⁴
Asian Bond Absolute Return	Class A EUR Hedged Acc	1.62%	1.65%
	Class A1 EUR Hedged Acc	2.02%	2.05%
	Class A1 EUR Hedged Dis	2.02%	2.05%
	Class A GBP Hedged Dis	1.62%	1.65%
Asian Dividend Maximiser*	Class A EUR Hedged Dis	1.97%	2.00%
	Class A AUD Hedged Dis	1.97%	2.00%
	Class A1 EUR Hedged Dis	2.47%	2.50%
Asian Local Currency Bond	Class A EUR Hedged Dis	1.26%	1.29%
Asian Total Return	Class A EUR Hedged Acc	1.87%	1.90%
Emerging Markets	Class A EUR Hedged Acc	1.88%	1.91%
	Class A AUD Hedged Acc	1.88%	1.91%
Emerging Markets Debt Absolute Return	Class A EUR Hedged Dis	1.87%	1.90%
	Class A EUR Hedged Acc	1.87%	1.90%
	Class A1 EUR Hedged Acc	2.27%	2.30%
	Class A1 EUR Hedged Dis	2.27%	2.30%
	Class A GBP Hedged Dis	1.87%	1.90%
	Class A AUD Hedged Acc	1.87%	1.90%
	Class A1 AUD Hedged Dis	2.27%	2.30%
Emerging Multi-Asset Income	Class A EUR Hedged Dis	1.66%	1.69%
	Class A AUD Hedged Dis	1.66%	1.69%
EURO Corporate Bond	Class A EUR Hedged Acc	1.05%	1.08%
	Class A USD Hedged Acc	1.05%	1.08%
EURO Equity	Class A USD Hedged Acc	1.85%	1.88%
	Class A GBP Hedged Acc	1.85%	1.88%
European Dividend Maximiser*	Class A USD Hedged Dis	1.87%	1.90%
European Smaller Companies	Class A USD Hedged Acc	1.87%	1.90%
Global Bond	Class A EUR Hedged Dis	0.95%	0.98%
	Class A EUR Hedged Acc	0.95%	0.98%
	Class A1 EUR Hedged Acc	1.50%	1.53%
	Class A1 EUR Hedged Dis	1.50%	1.53%
	Class A USD Hedged Acc	0.95%	0.98%
Global Cities Real Estate [#]	Class A EUR Hedged Acc	1.86%	1.89%

³ The ongoing charges figure is based on the annualised expenses for the interim period ended 30 June 2017. This figure may vary from year to year.

⁴ The ongoing charges figure is an estimate based on the annualized expenses for the interim period ended 30 June 2017 with adjustments to reflect the introduction of the Hedging Charge with effect from the Effective Date. The actual figure may be different from this estimated figure and may vary from year to year. For the avoidance of doubt, the Hedging Charge will not exceed 0.03% per annum of the net asset value per share.

* The name "Dividend Maximiser" refers to the investment objective of the fund to enhance the fund dividend by generating extra income from selling covered call options on the underlying equity portfolio and this may reduce the potential capital growth and future income of the fund. It does not suggest that the manager would aim at seeking the highest possible dividends for the fund.

[#] The fund is not authorized by the SFC under the Code on Real Estate Investment Trusts.

	Class A1 EUR Hedged Acc	2.36%	2.39%
Global Climate Change Equity	Class A EUR Hedged Acc	1.87%	1.90%
	Class A1 EUR Hedged Acc	2.37%	2.40%
Global Corporate Bond	Class A EUR Hedged Dis	1.05%	1.08%
	Class A EUR Hedged Acc	1.05%	1.08%
	Class A1 EUR Hedged Acc	1.50%	1.53%
	Class A1 EUR Hedged Dis	1.50%	1.53%
	Class A AUD Hedged Acc	1.05%	1.08%
	Class A1 AUD Hedged Dis	1.50%	1.53%
Global Credit Duration Hedged	Class A USD Hedged Dis	1.09%	1.12%
	Class A USD Hedged Acc	1.09%	1.12%
	Class A1 USD Hedged Acc	1.54%	1.57%
Global Credit Income	Class A AUD Hedged Dis	1.49%	1.52%
	Class A EUR Hedged Acc	1.49%	1.52%
	Class A EUR Hedged Dis	1.49%	1.52%
	Class A GBP Hedged Dis	1.49%	1.52%
Global Dividend Maximiser*	Class A EUR Hedged Dis	1.86%	1.89%
	Class A EUR Hedged Acc	1.86%	1.89%
	Class A1 EUR Hedged Dis	2.36%	2.39%
	Class A AUD Hedged Dis	1.86%	1.89%
Global Energy	Class A EUR Hedged Acc	1.86%	1.89%
Global Equity	Class A AUD Hedged Acc	1.63%	1.66%
Global Gold	Class A EUR Hedged Acc	1.88%	1.91%
	Class A GBP Hedged Dis	1.88%	1.91%
Global High Yield	Class A EUR Hedged Dis	1.30%	1.33%
	Class A EUR Hedged Acc	1.30%	1.33%
	Class A1 EUR Hedged Acc	1.75%	1.78%
	Class A1 EUR Hedged Dis	1.75%	1.78%
	Class A AUD Hedged Dis	1.30%	1.33%
	Class A1 AUD Hedged Dis	1.75%	1.78%
Global Inflation Linked Bond	Class A USD Hedged Acc	0.95%	0.98%
	Class A1 USD Hedged Acc	1.50%	1.53%
Global Multi-Asset Income	Class A EUR Hedged Dis	1.58%	1.61%
	Class A EUR Hedged Acc	1.58%	1.61%
	Class A1 EUR Hedged Acc	2.08%	2.11%
	Class A1 EUR Hedged Dis	2.08%	2.11%
	Class A GBP Hedged Dis	1.58%	1.61%
	Class A GBP Hedged Acc	1.58%	1.61%
	Class A AUD Hedged Dis	1.58%	1.61%
Global Sustainable Growth	Class A EUR Hedged Acc	1.69% ⁵	1.72% ⁶
	Class A EUR Hedged Dis	1.69% ⁵	1.72% ⁶
Japanese Equity	Class A EUR Hedged Acc	1.60%	1.63%
	Class A1 EUR Hedged Acc	2.35%	2.38%

⁵ The ongoing charges figure is an estimate based on the annualized expenses for the interim period ended 30 June 2017 with adjustments to reflect the reduction of management fee with effect from 2 November 2017. The actual figure may be different from this estimated figure and may vary from year to year.

⁶ The ongoing charges figure is an estimate based on the annualized expenses for the interim period ended 30 June 2017 with adjustments to reflect the reduction of management fee with effect from 2 November 2017 and the introduction of the Hedging Charge with effect from the Effective Date. The actual figure may be different from this estimated figure and may vary from year to year. For the avoidance of doubt, the Hedging Charge will not exceed 0.03% per annum of the net asset value per share.

	Class A USD Hedged Acc	1.60%	1.63%
	Class A1 USD Hedged Acc	2.35%	2.38%
Japanese Opportunities	Class A EUR Hedged Acc	1.86%	1.89%
	Class A1 EUR Hedged Acc	2.36%	2.39%
	Class A USD Hedged Acc	1.86%	1.89%
	Class A1 USD Hedged Acc	2.36%	2.39%
Japanese Smaller Companies	Class A EUR Hedged Acc	1.87%	1.90%
	Class A USD Hedged Acc	1.87%	1.90%
QEP Global Active Value	Class A EUR Hedged Acc	1.60%	1.63%
Strategic Bond	Class A EUR Hedged Dis	1.30%	1.33%
	Class A EUR Hedged Acc	1.30%	1.33%
	Class A1 EUR Hedged Acc	1.75%	1.78%
	Class A1 EUR Hedged Dis	1.75%	1.78%
	Class A GBP Hedged Dis	1.30%	1.33%
UK Equity	Class A EUR Hedged Acc	1.60%	1.63%
	Class A USD Hedged Acc	1.60%	1.63%
US Dollar Bond	Class A EUR Hedged Dis	0.95%	0.98%
	Class A EUR Hedged Acc	0.95%	0.98%
	Class A1 EUR Hedged Dis	1.50%	1.53%
	Class A GBP Hedged Dis	0.96%	0.99%
US Large Cap	Class A EUR Hedged Acc	1.60%	1.63%
	Class A1 EUR Hedged Acc	2.35%	2.38%
US Small & Mid-Cap Equity	Class A EUR Hedged Acc	1.85%	1.88%
	Class A1 EUR Hedged Acc	2.35%	2.38%

Issuer: Schroder Investment Management (Luxembourg) S.A.

April 2018

***This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.***

Quick facts

Management company:	Schroder Investment Management (Luxembourg) S.A.			
Investment manager:	Schroder Investment Management Limited, located in the United Kingdom, internal delegation			
Depositary:	J.P. Morgan Bank Luxembourg S.A.			
Ongoing charges over a year*:	Class A EUR Hedged Acc	0.95%	Class A USD Acc	0.95%
	Class A EUR Hedged Dis	0.95%	Class A USD Dis	0.95%
	Class A1 EUR Hedged Acc	1.50%	Class A1 USD Acc	1.50%
	Class A1 EUR Hedged Dis	1.50%	Class A USD Hedged Acc	0.95%
Dealing frequency:	Daily			
Base currency:	USD			

Dividend policy:

A, A1 and D Accumulation share classes – Dividend will not be distributed but will be reinvested into the fund.

A, A1 and D Distribution share classes – The board of directors generally has discretion as to whether or not to make any distribution save for the Distribution share classes with fixed dividend policy which are subject to the disclosures below.

Distributions may be paid out of capital and reduce the fund's net asset value.

In respect of Distribution share classes with fixed dividend policy, the distribution amount per share is calculated as follows: dividend rate ÷ distribution frequency over a year × net asset value per share on the record date. Details of the Distribution share classes with fixed dividend policy are set out below:

Fixed Distribution Share Class	Currency	Distribution Frequency over a year	Dividend Rate
Class A EUR Hedged Dis	EUR	Quarterly (4)	2.5% per annum
Class A1 EUR Hedged Dis	EUR	Quarterly (4)	2.5% per annum

Investors should note that a positive distribution yield does not imply a positive return. The board of directors will periodically review fixed distribution share classes and reserves the right to make changes.

Financial year end of this fund: 31 December

Minimum investment: A, A1 and D share classes: Initial – EUR1,000 or USD1,000 (or equivalent);
Subsequent investment – EUR1,000 or USD1,000 (or equivalent)

* The ongoing charges figure is based on the expenses for the year ended 31 December 2017. This figure may vary from year to year.

Note: As of the date of this document, Class D shares of the fund are not being offered to the public in Hong Kong.

What is this product?

This is a sub-fund of Schroder International Selection Fund, a mutual fund domiciled in Luxembourg and its home regulator is Commission de Surveillance du Secteur Financier.

Objectives and investment strategy

Investment Objective

The fund aims to provide capital growth and income by investing in fixed and floating rate securities.

Investment Policy

The fund invests at least two-thirds of its assets in fixed and floating rate securities with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) issued by governments, government agencies, supra-nationals and companies worldwide in various currencies.

The fund may invest:

- up to 10% of its assets in contingent convertible bonds;
- less than 30% 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); and
- up to 40% of its assets in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies). Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.

The fund is not subject to any limitation on the portion of its net asset value that may be invested in any country (including emerging market countries), region or sector.

The fund may also invest in money market instruments and hold cash.

Under exceptional circumstances (e.g. market crash or major crisis), the fund may be invested temporarily up to 100% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The fund has the flexibility to implement long and short active currency positions via FDI such as currency forwards. Long and short active currency positions implemented by the fund can be uncorrelated to the underlying assets of the fund. The fund may use FDI such as currency forwards, options on currency forwards and spots to hedge out any unwanted currency risk and/or to capture potential outperformance of a particular currency versus another.

Use of financial derivative instruments (“FDI”)

The fund may use FDI (including total return swaps) with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. Where the fund uses total return swaps, the underlying consists of instruments in which the fund may invest according to its investment objective and investment policy. In particular, total return swaps may be used to gain long and short exposure on fixed and floating rate securities. The gross exposure of total return swaps will not exceed 30% and is expected to remain within the range of 0% to 10% of the net asset value. In certain circumstances this proportion may be higher.

FDI may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the fund's duration through the tactical use of interest related FDI, generating additional income through inflation or volatility linked FDI or increasing its currency exposure through the use of currency related FDI. FDI could also be employed to create synthetic instruments. Such FDI include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

The fund may use FDI extensively for investment purposes but it is not limited to a particular strategy regarding the usage of FDI. The fund employs the relative Value-at-Risk (VaR) approach to measure its global risk exposure. The relative VaR approach is used for funds where a VaR benchmark reflecting the investment strategy which the fund is pursuing is defined. The expected level of leverage of the fund is 400% of the total net assets by using sum of notionals approach or in the range of 100% to 300% by using commitment approach. The expected level of leverage may be higher when volatility decreases sustainably, when interest rates are expected to change or when credit spreads are expected to widen or tighten. The level of leverage using sum of notionals approach is calculated as (i) the sum of notionals of all FDI entered into by the fund expressed as a percentage of the fund's net asset value and (ii) any additional leverage generated by the reinvestment of collateral in relation to efficient portfolio management transactions. Under the commitment approach, the fund's financial derivative positions are converted into the market value of the equivalent position in the underlying asset; or the notional value or the price of the futures contract where they are more conservative. Netting and hedging rules may also be used. The expected level of leverage is an indicator and not a regulatory limit.

What are the key risks?

Investment involves risk. Please refer to the offering document for details including the risk factors.

1. Risk relating to investment in debt securities

- **Credit and counterparty risk** – Investment in debt securities is subject to the credit/default risk of the issuer which may also adversely affect the settlement of the securities.
- **Interest rate risks** – Investment in the fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Below investment grade and unrated debt securities** – Investments in fixed income securities below investment grade or unrated are generally subject to higher degree of counterparty risk, credit risk, volatility risk, liquidity risk and risk of loss of principal and interest than higher rated securities.
- **Credit ratings risk** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Credit downgrading risk** – The credit rating of debt securities or their issuers may subsequently be downgraded. In the event of such downgrading, the value of the fund may be adversely affected. The investment manager may not dispose of such securities immediately and the fund may therefore be subject to additional risk of loss.

- **Liquidity and volatility risk** – Securities not listed or rated or actively traded may have low liquidity and higher volatility. The prices of such securities may be subject to fluctuations. The bid and offer spread of their price may be high and the fund may therefore incur significant trading costs and may even suffer losses when selling such instruments.
- **Valuation risk** – Valuation of the fund's investment may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

2. Sovereign debt risk

Investment in sovereign debt obligations issued or guaranteed by governments or their agencies of certain developing countries and certain developed countries may expose the fund to political, social and economic risks. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by various factors. In the event that a government entity defaults on its sovereign debt, holders of sovereign debt, including the fund, may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant government entity. The fund may suffer significant losses in such events.

3. Risk of investment in Europe

The fund may invest in securities which may include a substantial investment in European securities. In light of the current fiscal conditions and concerns on sovereign debt of certain European countries, the fund may be subject to an increased amount of volatility, liquidity, price, default and currency risk should there be any adverse credit events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, in the European region. Notwithstanding the governments of the European countries have adopted measures to address these problems, it is possible that these measures may not work and may adversely affect the value of the fund's investment in European securities. If these adverse economic or financial events in Europe continue, they could have additional unfavourable effects on the economies and financial markets of other parts of the world thereby affecting the value of the fund's investment.

4. Mortgage related and other asset backed securities ("ABS")

ABS may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. ABS are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

5. Risk of implementing active currency positions

The investment manager has the flexibility to actively manage currency positions which it considers will achieve the investment objective of the fund. However no guarantee or representation is made that such investment strategy/technique will be successful.

When implementing active currency positions, the fund may enter into currency forwards or other instruments with the aim of protecting the value of the assets of the fund against untoward foreign exchange risks and actively managing currency positions of the fund. Currency forwards or other instruments do not eliminate fluctuations in the prices of the fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities decline. Performance may be strongly influenced by movements in foreign exchange rates because currency positions held by the fund may not correspond with securities positions held. In such circumstances, the fund's assets may be exposed to the losses which may in turn adversely affect the net asset value per share of the fund and investors may suffer losses.

6. FDI

The fund may use FDI extensively to meet its specific investment objective. There is no guarantee that the performance of FDI will result in a positive effect for the fund. The leverage element/component of derivatives can result in a loss significantly greater than the amount invested in the FDI by the fund. FDI exposure may lead to a high risk of significant capital loss. Risks associated with FDI include:

- **Credit risk and Counterparty risk** – The fund will be subject to the risk of the inability of any counterparty through or with which the fund conducts the FDI transactions to perform its obligations, whether due to insolvency, bankruptcy or other causes. Long and short positions gained through total return swaps may increase exposure to credit-related risk.
- **Liquidity risk** – There may be possible absence of a liquid secondary market for any particular FDI at any time. The fund may be unable to sell illiquid FDI at an advantageous time or price and results in a reduction of returns.
- **Valuation risk** – The fund is subject to the risk of mispricing or improper valuation of FDI.
- **Interest rate risk** – There may be interest rate risk when swaps (such as total return swaps) involve floating rate payments.
- **Volatility risk** – The fund is subject to the risk of higher volatility of the returns as FDI usually have a leverage component.
- **Over-the-counter (“OTC”) transaction risks** – FDI traded in OTC markets may be more volatile and less liquid. Its prices may include an undisclosed dealer mark-up which a fund may pay as part of the purchase price.
- **Hedging risk** – There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. In adverse situations, the use of hedging instruments may become ineffective in hedging and the fund may suffer significant losses.

7. Risks relating to high expected leverage

The fund may have a net leverage exposure of over 100% of its net asset value to FDI. This will further magnify any potential negative impact of any change in the value of the underlying asset on the fund and also increase the volatility of the fund’s price and may lead to significant losses.

8. Concentrated geographical locations

The fund investing in concentrated geographical locations may be subject to a higher level of risks comparing to a fund investing in a more diversified portfolio/strategy. The value of the fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant geographical locations.

9. Emerging and less developed markets

The fund may invest in emerging and less developed markets. Investing in emerging and less developed markets is subject to greater risks than investing in securities of developed countries such as ownership and custody risks, political and economic risks, market and settlement risks, liquidity and volatility risk, legal and regulatory risks, execution and counterparty risk, and currency risk, which may adversely affect the net asset value per share of the fund and investors may as a result suffer losses.

10. Risks relating to distributions

- For distribution share classes with a general dividend policy, expenses will be paid out of capital rather than out of gross income. The amount of distributable income therefore increases and the amount so increased may be considered to be dividend paid out of capital; capital growth will be reduced and in periods of low growth capital erosion may occur.
- Distribution share classes with a fixed dividend policy will distribute the dividends based on a fixed amount or fixed percentage of the net asset value per share. This may result in share classes with fixed distributions either paying out both income and capital in distribution payments, or not substantially distributing all the investment income which a share class has earned.
- Investments in distribution share classes with fixed dividend policy are not an alternative to a savings account or fixed-interest paying investment. The percentage of distributions paid by distribution share classes with fixed dividend policy is unrelated to expected or past income or returns of these share classes or the fund. The distribution can thus be higher or lower than the income and return that were effectively realised.
- Distribution share classes with fixed dividend policy will continue to distribute in periods that the fund has negative returns or is making losses, which further reduces the net asset value of the distribution Share Classes with fixed dividend policy. In extreme circumstances, investors may not be able to get back the original investment amount.
- Investors should note that a positive distribution yield does not imply a positive return. Distribution share classes with a fixed dividend policy do not distribute a fixed amount and the constant percentage of distribution results in higher absolute distributions when the net asset value of the relevant Distribution share classes with fixed dividend policy is high, and lower absolute distributions when the net asset value of the relevant distribution share classes with fixed dividend policy is low.
- **You should note that in the circumstances where the payment of distributions are paid out of capital, this represents and amounts to a return or withdrawal of part of the amount you originally invested or capital gains attributable to that and may result in an immediate decrease in the net asset value of shares.**
- The distribution amount and net asset value of the currency hedged share class may be adversely affected by differences in the interest rates of the reference currency of the currency hedged share classes and the fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-currency hedged share classes.

11. Risks relating to hedging and the hedged classes

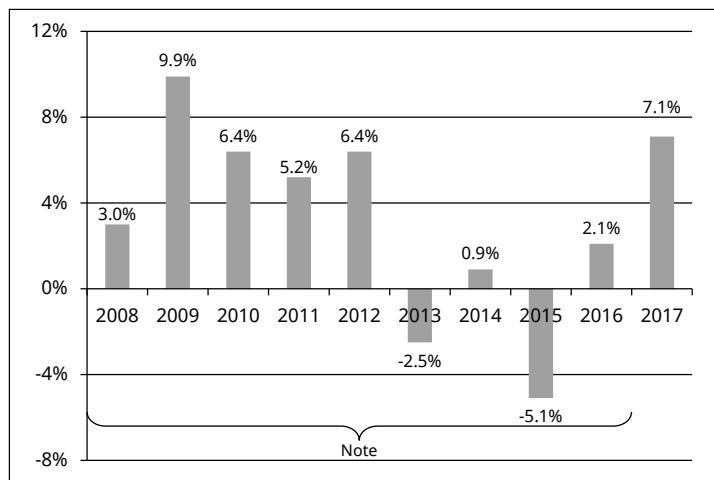
- In respect of the share classes which the management company of the fund has the ability to fully hedge the shares of such share classes in relation to the fund currency, currency exposures or currency hedging transactions within the fund's portfolio will not be considered. The aim of currency hedged share class is to provide you with the performance returns of the fund's investments by reducing the effects of exchange rate fluctuations between the share class's and the fund's base currency. However there is no assurance that the hedging strategies employed will be effective.
- Where undertaken, the effects of this hedging will be reflected in the net asset value and, therefore, in the performance of such share class. Similarly, any expenses arising from such hedging transactions will be borne by the share class in relation to which the expenses have been incurred.
- It should be noted that these hedging transactions may be entered into whether the reference currency is declining or increasing in value relative to the relevant fund currency and so, where such hedging is undertaken it may substantially protect investors in the relevant share class against a decrease in the value of the fund currency relative to the reference currency, but it may also preclude investors from benefiting from an increase in the value of the fund currency.

- There can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the reference currency.

12. Currency risks

Assets and share classes may be denominated in currencies other than USD and some may not be freely convertible. The fund may be adversely affected by changes in foreign exchange rates and exchange rate controls of the currencies in which securities are held, the reference currencies of the share classes and the US Dollar. This exposes all share classes of the fund to exchange rate fluctuations and currency risk. It may not be practicable or possible to hedge against such foreign exchange/currency risk exposure.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the fund's Class A USD Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 1993
- Class A USD Accumulation launch date: 2000
- The management company views the Class A USD Accumulation, being the retail share class denominated in the base currency of the fund, as the most appropriate representative share class of the fund.

Note: The performance of these years was achieved under circumstances that no longer apply. During these years, there was material change(s) to the fund, namely, changes of investment objective and policy and reduction of fee(s).

Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the fund.

Fee	What you pay			
	Share class	A	A1	D
Subscription fee (Initial charge)		Up to 3.00% of the total subscription amount	Up to 2.00% of the total subscription amount	Nil
Switching fee (Switching charge)		Up to 1.00% of the value of the shares to be switched		
Redemption fee (Redemption charge)		Nil		

Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the fund's value)			
	Share class	A	A1	D
Management fee		0.75%	0.75%	0.75%
Depositary fee		Up to 0.005%		
Performance fee		Nil		
Administration fee		Up to 0.25%		
Distribution charge		Nil	0.50%	1.00%
Custody safekeeping fee		Up to 0.3%		
Transaction fees (charged by the Depositary)		Up to USD150 per transaction		
Fund accounting and valuation fees		Up to 0.015%		

Note: As of the date of this document, Class D shares of the fund are not being offered to the public in Hong Kong.

Other fees

You may have to pay other fees when dealing in the shares of the fund. Please refer to the offering document for fees payable by the fund.

Additional information

- You generally buy and redeem shares at the fund's relevant net asset value ("NAV") after Schroder Investment Management (Hong Kong) Limited receives your request, directly or via a distributor, in good order at or before 5pm HK time, being the fund's dealing cut-off time on each dealing day of the fund. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the fund's dealing cut-off time).
- A dividend calendar including details on the distribution frequency and the dividend calculation basis for all available distribution share classes and a composition of the dividend payments (i.e. the percentages of distribution being paid out of capital and net distributable income) for the last twelve months for each of these distribution share classes (i) with a variable distribution policy or (ii) with a fixed dividend policy and paying dividends out of capital are also available from the Schroder Investment Management (Hong Kong) Limited on request and from the Schrodgers' Internet site (www.schroders.com.hk).
- Past performance information of other share classes offered to Hong Kong investors is available online at www.schroders.com.hk.
- The net asset value of this fund is calculated and the price of shares is published on each dealing day. They are available online at www.schroders.com.hk. This website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.