

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%

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12 January 2018

Dear Shareholder,

Schroder International Selection Fund – Asian Bond Absolute Return

The board of directors of Schroder International Selection Fund (the "Company") has decided to change the name, investment objective and policy and to reduce the management fee of Schroder International Selection Fund – Asian Bond Absolute Return (the "Fund") with effect from 1 March 2018 (the "Effective Date").

Name change

The Fund's new name will be Schroder International Selection Fund – Asian Bond Total Return.

Investment Objective and Policy Change

The Asian bond markets were historically relatively volatile versus bond markets in the US and Europe because of their historical low level of market development. However, over the past 10 years, Asian bond markets have grown in sophistication and depth and their relative volatility has dropped significantly. The manager believes that an absolute return strategy, which aims to preserve capital over a 12 month period, served well in the past when the relative volatility was higher. A total return strategy, which has a longer investment horizon, will be better able to provide investors looking to capitalise on opportunities in Asian bond markets in the future. Therefore, the Fund will change from an absolute return strategy to a total return strategy from the Effective Date. As a result of the change of strategy, the risk profile of the Fund will be more in line with the movement of the Asian USD denominated and Asian local currency bond markets.

In addition, from the Effective Date the Fund will be able to invest in bonds from a wider range of Asian countries, as the definition of Asia will be expanded for this Fund to include the west Asian countries listed in the new investment policy below.

The investment objective and policy of the Fund, which are contained in the Company's prospectus, will be changed from:

"Investment Objective

The Fund aims to provide an absolute return of capital growth and income by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan).

Absolute return means the Fund seeks to provide a positive return over a 12 month period in all market conditions, but this cannot be guaranteed and your capital is at risk.

Investment Policy

The Fund invests at least two-thirds of its assets in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan), derivatives related to the above instruments and currencies. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest in mainland China through the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets.

The Fund may invest up to 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).

The Fund may also invest in money market instruments. In aiming to deliver an absolute return, a substantial part of the Fund may be held in cash which may include short term developed market government bonds.

The Fund may use derivatives (including total return swaps), long and short, 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 60% and is expected to remain within the range of 0% to 30% of the Net Asset Value. In certain circumstances this proportion may be higher."

to:

"Investment Objective

The Fund aims to provide capital growth and income by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia.

Investment Policy

The Fund invests at least two-thirds of its assets in fixed and floating rate securities, derivatives related to these securities and currencies. The fixed and floating rate securities are issued by governments, government agencies, supra-nationals and companies in Asia. For the purposes of this Fund, Asia includes the following west Asian countries: Bahrain, Israel, Lebanon, Oman, Qatar, Saudi Arabia, Turkey and United Arab Emirates.

The Fund is designed to participate in rising markets whilst aiming to mitigate losses in falling markets through the use of derivatives. The mitigation of losses cannot be guaranteed.

The Fund may invest in mainland China through the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or Regulated Markets.

The Fund may invest up to 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). The Fund may (exceptionally) hold 100% of its assets in money market instruments or cash.

The Fund may use derivatives (including total return swaps), long and short, 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 60% and is expected to remain within the range of 0% to 30% of the Net Asset Value. In certain circumstances this proportion may be higher."

Management Fee Reduction

We are pleased to inform you that the management fee of the Fund will be reduced. The new fee rates are as follows:

Share Classes	Current Management Fee	New Management Fee
A Shares	1.25%	1.00%
A1 Shares	1.25%	1.00%
D Shares	1.25%	1.00%

All other key features of the Fund, including other fees chargeable in respect of the Fund, will remain the same. Moreover, there will be no change to the additional information of the Fund as disclosed in the "Fund Details" section of the Hong Kong Covering Document of the Company. The changes to the Fund 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 Fund following these changes, but if you wish to redeem your holding in the Fund or to switch into another of the Company's sub-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 28 February 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

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.

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 28 February 2018.

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, 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

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 and RQFII Holder:	Schroder Investment Management (Singapore) Ltd, located in Singapore, internal delegation			
Depository:	J.P. Morgan Bank Luxembourg S.A.			
China Custodian:	HSBC Bank (China) Company Limited			
Ongoing charges over a year*:	Class A1 EUR Acc	2.03%	Class A HKD Dis	1.63%
	Class A1 EUR Dis	2.03%	Class A USD Acc	1.63%
	Class A EUR Hedged Acc	1.63%	Class A USD Dis	1.63%
	Class A1 EUR Hedged Acc	2.03%	Class A1 USD Acc	2.03%
	Class A1 EUR Hedged Dis	2.03%	Class A1 USD Dis	2.03%
	Class A GBP Hedged Dis	1.63%	Class D USD Dis	2.63%
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. Distributions may be paid out of capital and reduce the fund’s net asset value.			
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.				

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 an absolute return of capital growth and income by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan).

Absolute return means the fund seeks to provide a positive return over a 12 month period in all market conditions, but this cannot be guaranteed and your capital is at risk.

Investment Policy

The fund invests at least two-thirds of its assets in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies in Asia (excluding Japan), financial derivative instruments ("FDI") related to the above instruments and currencies. As the fund is index-unconstrained it is managed without reference to an index.

The fund may invest in the People's Republic of China ("PRC") through Renminbi Qualified Foreign Institutional Investor ("RQFII") quota granted to the Investment Manager by the State Administration of Foreign Exchange ("SAFE"). It is intended that the exposure of the fund to PRC onshore investments through RQFII will not exceed 30% of the net asset value.

The fund may not invest:-

- (a) more than 10% of its net asset value in Urban Investment Bonds (城投債), which means debt instruments issued by local government financing vehicles ("LGFVs") and traded on the PRC exchange-traded bond markets and interbank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects;
- (b) more than 5% of its net asset value in asset-backed securities (including mortgage-backed securities and asset-backed commercial papers); and
- (c) in structured deposits or structured products.

The fund may invest up to 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).

The fund does not have explicit restrictions on the minimum credit ratings of debt securities it may hold through RQFII. The aggregate investment in debt securities with a credit rating below investment grade (i.e. rated below BBB- by any internationally recognised credit rating agency, such as Standard & Poor's, Moody's or Fitch, or rated BB+ or below by any PRC domestic credit rating agency; whenever different ratings are assigned by different credit rating agencies, the lowest credit ratings assigned to the security will be adopted by the fund) or unrated debt securities through RQFII will not exceed 30% of the fund's net asset value. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of the security. If both the security and the relevant issuer are not rated, then the security will be classified as unrated.

The fund may also invest in money market instruments. In aiming to deliver an absolute return, a substantial part of the fund may be held in cash which may include short term developed market government bonds.

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

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.

As part of its primary objective, the fund also 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), long and short, 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 60% and is expected to remain within the range of 0% to 30% 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 absolute Value-at-Risk (VaR) approach to measure its global risk exposure. The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark. The expected level of leverage of the fund is 250% of the total net assets by using sum of notionals approach or in the range of 0% to 200% 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.

- **Risks relating to PRC credit rating agencies** – The credit appraisal system in the PRC and the rating methodologies employed in the PRC may be different from those employed in other markets. Credit ratings given by PRC rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- **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. 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.

3. Risks related to investment in the People's Republic of China (the "PRC")

Investing in the securities market in the PRC is subject to the risks specific to the PRC market including change in political, social or economic policy risk, liquidity and volatility risk, currency and exchange risk.

- **Change in political, social or economic policy risk** – The investment will be sensitive to any significant change in political, social or economic policy in the PRC which may adversely affect the capital growth and thus the fund performance.
- **Legal and regulatory risk** – The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC companies are required to follow the PRC accounting standards and practice which may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the fund.
- **Liquidity and volatility risk** – Compared with the choice available in other markets, there is a low level of liquidity in the securities market in the PRC. This could potentially lead to severe price volatility.
- **Currency and exchange risk** – The PRC government's control of currency conversion and exchange rates may adversely affect the operations and financial results of the companies invested in by the fund.

- **PRC taxation consideration** – The fund investing in securities issued by companies resident in the PRC are subject to dividend withholding tax but are not currently subject to capital gains tax in the PRC. The tax laws, regulations and practice in the PRC are inherently uncertain and liable to change without prior notice. They may also be changed with retrospective effect. The fund does not currently make any provision for Chinese capital gains tax. If appropriate, a provision may be introduced for the fund to cover capital gains tax, withholding taxes or other taxes. Consequently, investors may be advantaged or disadvantaged depending upon the final rules.

4. RQFII Risks

- RQFII status and RQFII quota: There can be no assurance that the Investment Manager (as RQFII Holder) will continue to maintain its RQFII status or to make available its RQFII quota for the fund to meet all application for subscriptions to the fund.
- Risks regarding application of RQFII rules: The fund is subject to the RQFII rules and application of such rules may depend on the interpretation given by the relevant Chinese authorities. Any changes to the rules, which may have potential retrospective effect, may have an adverse impact on investors' investment in the fund.
- Repatriation and liquidity risks: There is no assurance that PRC rules and regulations will not change or that lock-up periods or repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the fund's ability to meet redemption requests.
- Cash deposited with China Custodian: If the China Custodian defaults, the fund may suffer substantial losses as the cash deposited in the cash accounts are not segregated from that of other creditors of the China Custodian and therefore become an unsecured debt owing from the China Custodian to the fund. The fund may face difficulty in recovering such debt and therefore suffer losses.
- PRC brokerage risk: The fund's execution or settlement of transactions may be adversely affected if the PRC broker defaults/bankrupts. The fund may therefore suffer losses.

5. Absolute return objective

While the fund aims to achieve absolute performance, there may be circumstances that negative returns could be generated. Investors should therefore not interpret it to mean or imply that absolute return is guaranteed.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.
- **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.

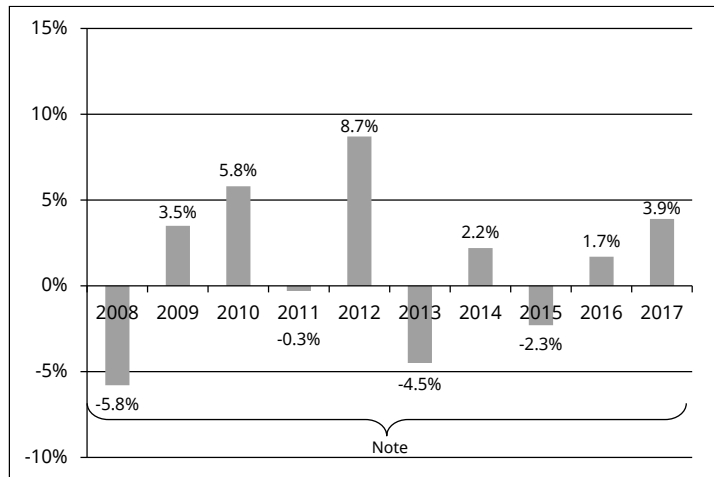
12. Risks relating to hedging and the hedged classes

- 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.

13. 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: 1998
- 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	1.25%	1.25%	1.25%
Depository 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 Depository)	Up to USD150 per transaction		
Fund accounting and valuation fees	Up to 0.015%		

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 Schroders' 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.