

Schroder International Selection Fund
Société d'Investissement à Capital Variable
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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.

4 June 2018

Dear Shareholder,

Schroder International Selection Fund – Environmental, Social and Governance (ESG) factors

The board of directors of Schroder International Selection Fund (the "Company") has decided to clarify the investment policy of the Funds listed in the Appendix. Some wording has been added to describe how the investment process of the Funds listed in the Appendix takes into consideration environmental, social, and governance factors. The following disclosure will be added to the Funds' investment policies:

"The Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies."

All other key features of the Funds and their risk profile will remain the same. There is no change in the Funds' investment style, investment philosophy, investment strategy, and the operation and/or manner in which the Funds are being managed following this clarification. The Funds affected by the above clarification are listed in the appendix of this letter.

Any expenses incurred directly as a result of making this change will be borne by Schroder Investment Management (Luxembourg) S.A., 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

Appendix

Funds affected by the change

1. Schroder International Selection Fund – Asia Pacific Cities Real Estate^{*}
2. Schroder International Selection Fund – BRIC (Brazil, Russia, India, China)
3. Schroder International Selection Fund – Emerging Europe
4. Schroder International Selection Fund – Emerging Markets
5. Schroder International Selection Fund – European Dividend Maximiser[#]
6. Schroder International Selection Fund – European Value
7. Schroder International Selection Fund – Frontier Markets Equity
8. Schroder International Selection Fund – Global Cities Real Estate^{*}
9. Schroder International Selection Fund – Global Climate Change Equity
10. Schroder International Selection Fund – Global Dividend Maximiser[#]
11. Schroder International Selection Fund – Global Emerging Market Opportunities
12. Schroder International Selection Fund – Global Equity
13. Schroder International Selection Fund – Global Equity Alpha
14. Schroder International Selection Fund – Global Equity Yield
15. Schroder International Selection Fund – Global Sustainable Growth
16. Schroder International Selection Fund – Latin American
17. Schroder International Selection Fund – Middle East
18. Schroder International Selection Fund – QEP Global Active Value
19. Schroder International Selection Fund – QEP Global Quality

^{*} The fund is not authorized by the Securities and Futures Commission under the Code on Real Estate Investment Trusts.

[#] 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.

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28 December 2017

Dear Shareholder,

Schroder International Selection Fund – Asian Equity Yield
Schroder International Selection Fund – Asian Opportunities
Schroder International Selection Fund – Asia Pacific Cities Real Estate
Schroder International Selection Fund – Asian Smaller Companies
Schroder International Selection Fund – Asian Total Return
Schroder International Selection Fund – Global Smaller Companies
Schroder International Selection Fund – Hong Kong Equity

Removal of restriction on investments in China-A Shares via Shenzhen Hong Kong Stock Connect

The board of directors of Schroder International Selection Fund (the "Company") has decided to update the additional information of the Funds listed above (the "Funds") as disclosed in the "Fund Details" section of the Hong Kong Covering Document of the Company.

The purpose of the update is to remove the restriction that the Funds will invest not more than 5% of their respective net asset value in China A-Shares via Shenzhen-Hong Kong Stock Connect. The Funds currently have the ability to invest 'up to 10%' of their assets in China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The additional information applicable to the Funds which is being clarified in the "Fund Details" section of the Hong Kong Covering Document of the Company is as follows:

"For clarification, in relation to the Funds' investment objectives as described in Appendix III to the Prospectus, the Funds may invest directly in China A-Shares via the Stock Connect. Indirect exposure to China A-Shares may also be sought for the Funds through investment in financial instruments such as China market access products and other funds with China access through RQFII/QFII quotas. The Funds do not currently intend to invest 30% or more of their respective Net Asset Value directly and indirectly in China A-Shares and China B-Shares."

Change of investment policy

The board of directors of the Company has decided to change the investment policy of the Funds with effect from 1 February 2018 (the "Effective Date").

The Funds will increase their flexibility to invest in China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect to 'less than 30%' of their assets.

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

Any expenses incurred directly as a result of making this change will be borne by Schroder Investment Management (Luxembourg) S.A., the Company's management company.

We hope that you will choose to remain invested in the Funds following this change, but if you do wish to redeem your holding in the Funds or to switch into another of the Company's sub-funds authorized by the Securities and Futures Commission ("SFC")¹ 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 31 January 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 Schroder Investment Management (Hong Kong) Limited (the "Representative") in Hong Kong before the deal cut-off at 5:00 p.m. Hong Kong time on 31 January 2018.

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

Yours faithfully,



Cord Rodewald
Authorised Signatory



Alastair Woodward
Authorised Signatory

¹ 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.

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.

^ΔThe fund is not authorized by the SFC under the Code on Real Estate Investment Trusts.

Quick facts

Management company:	Schroder Investment Management (Luxembourg) S.A.			
Investment manager:	Schroder Investment Management Limited, located in the United Kingdom, internal delegation			
Depository:	J.P. Morgan Bank Luxembourg S.A.			
Ongoing charges over a year*:	Class A EUR Acc	1.87%	Class A1 USD Acc	2.37%
	Class A USD Acc	1.87%		
Dealing frequency:	Daily			
Base currency:	USD			
Dividend policy:	<p>A, A1 and D Accumulation share classes – Dividend will not be distributed but will be reinvested into the fund.</p> <p>A, A1 and D Distribution share classes – The board of directors generally has discretion as to whether or not to make any distribution.</p> <p>Distributions may be paid out of capital and reduce the fund's net asset value.</p>			
Financial year end of this fund:	31 December			
Minimum investment:	<p>A, A1 and D share classes: Initial – EUR1,000 or USD1,000 (or equivalent); Subsequent investment – EUR1,000 or USD1,000 (or equivalent)</p>			

* 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 income and capital growth by investing in equity and equity related securities of real estate companies in Asia Pacific.

Investment Policy

The fund invests at least two-thirds of its assets in a concentrated range of equity and equity related securities of real estate companies in Asia Pacific with a focus on companies that invest in cities that the investment manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes.

The fund typically holds fewer than 50 companies. The fund may invest directly in China B-Shares and China H-Shares and may invest up to 10% of its assets in China A-Shares through Stock Connect (as defined below).

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 Pacific (including emerging market countries). The fund is not subject to any limitation on the market capitalisation of the companies that it may invest in.

The fund may 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 may invest directly in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively “Stock Connect”) (as further described in the section headed “Stock Connect” in the Hong Kong Covering Document). Indirect exposure to China A-Shares may also be sought for the fund through investment in financial instruments such as China market access products and other funds with China access through quota held by Qualified Foreign Institutional Investors or Renminbi Qualified Foreign Institutional Investors. The fund does not currently intend to invest 30% or more of the net asset value of the fund directly and indirectly in China A-Shares and China B-Shares.

Use of financial derivative instruments (“FDI”)

The fund may use FDI with the aim of reducing risk or managing the fund more efficiently. FDI can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above. However, the fund does not intend to use FDI extensively for investment purposes.

What are the key risks?

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

1. Equity investment risk

Investment in equity securities is subject to the risk that the market value of the stocks may go down as well as up due to numerous factors such as changes in investment sentiment, political environment, economic environment, issuer-specific factors, regional or global economic instability, currency and interest rate fluctuations. If the market value of the stocks go down the net asset value of the fund may be adversely affected.

2. Property and real estate companies securities risk

Risks associated with investments in securities of companies principally engaged in the real estate industry include the cyclical nature of real estate values, risks related to general and local economic conditions, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the fund's investment.

3. Concentrated sector

The fund investing in concentrated sector may be subject to a higher level of risks comparing to a fund investing in a more diversified portfolio/strategy.

4. 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 A-Shares and B-Shares of the PRC markets. 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.

5. Risks related to investments via the Stock Connect

The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the fund's ability to achieve its investment objective could be negatively affected.

6. Risks related to investments in China market access products

The fund may use China market access products to gain exposure to China A-Shares indirectly. This involves additional risks including lack of a secondary market in such instruments, illiquidity of the underlying securities, difficulty in selling these instruments at times when the underlying markets are closed and counterparty default risk.

7. Risks related to investments in other funds with China access

- Investing in other funds may result in additional operating fees and expenses from the underlying funds.
- The fund may invest in other funds with China access through quota held by Qualified Foreign Institutional Investors (“QFII”) or Renminbi Qualified Foreign Institutional Investors (“RQFII”). Therefore, the fund is indirectly exposed to the risks associated with the QFII/RQFII regime such as suspension or revocation of the QFII/RQFII status, insufficient quota for investment by the underlying funds, as well as, repatriation and liquidity risks.

8. FDI

The fund may use FDI to meet its specific investment objective. There is no guarantee that the performance of FDI will result in a positive effect for the fund. FDI exposure may lead to a high risk of significant capital loss. Risks associated with FDI include credit risk and counterparty risk, liquidity risk, valuation risk, volatility risk, over-the-counter transaction risks and hedging risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the fund. 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. Concentration risk

- The fund investing in a concentrated range of companies and 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.

10. 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.

11. Smaller companies risk

Fund invests in smaller companies may fluctuate in value more than other funds and may be more vulnerable to adverse developments than those in larger companies. During periods where markets are falling, securities of smaller companies may become less liquid and experience short-term price volatility and wide spreads between dealing prices.

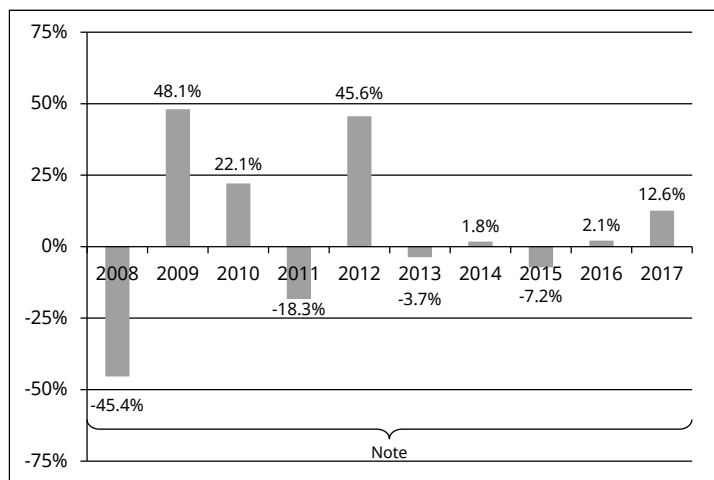
12. Risks relating to distributions

- 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.**

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.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2006
- Class A USD Accumulation launch date: 2006
- 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 5.00% of the total subscription amount	Up to 4.00% 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.

Share class	Annual rate (as a % of the fund's value)		
	A	A1	D
Management fee	1.50%	1.50%	1.50%
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.