

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

April 2020

***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 (Europe) 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 Acc | 1.85% | Class A1 USD Acc | 2.35% |
| | Class A EUR Dis AV | 1.85% | Class A USD Hedged Acc | 1.88% |
| | Class A1 EUR Acc | 2.35% | | |
| Dealing frequency: | Daily | | | |
| Base currency: | EUR | | | |
| 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. The distribution frequency is indicated in the share class designation as follows: M = monthly, Q = quarterly, S = semi-annual, A = annual</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 2019. 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 by investing in equity or equity related securities of small-sized European companies.

Investment Policy

The fund invests at least two-thirds of its assets in equity and equity related securities of small-sized European companies. These are companies which, at the time of purchase, are considered to be in the bottom 30% by market capitalisation of the European equities market. As the fund is index-unconstrained it is managed without reference to an index.

The fund is not subject to any limitation on the portion of its net asset value that may be invested in any one country in Europe or sector.

The fund may also invest in money market investments 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 use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. Derivatives 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.

Use of derivatives / investment in derivatives

The fund's net derivative exposure may be up to 50% of the fund's net asset value.

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. 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.

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. Derivatives

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

5. 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.

6. 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.

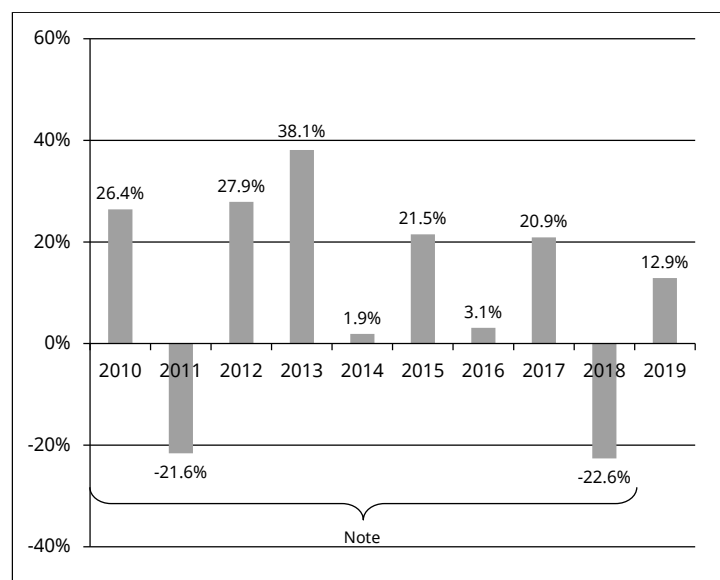
7. Risks relating to hedging and the hedged classes

- 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.

8. Currency risks

Assets and share classes may be denominated in currencies other than EUR 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 EUR. 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 EUR Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 1994
- Class A EUR Accumulation launch date: 2000
- The management company views the Class A EUR 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, 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.

| | Annual rate (as a % of the fund's value) | | |
|---|--|-------|-------|
| Share class* | A | A1 | D |
| Management fee | 1.50% | 1.50% | 0.75% |
| 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 USD75 per transaction | | |
| Fund accounting and valuation fees | Up to 0.0083% | | |

* Where currency hedged share class is offered, a hedging charge of up to 0.03% per annum of the net asset value per share will be borne by the currency hedged share class in relation to which the charge is incurred. The hedging charge will be payable to the management company, which provides the currency hedging service.

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 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.