

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. Schroder Investment Management (Europe) S.A., as the Management Company to Schroder International Selection Fund, accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

14 December 2020

Dear Shareholder,

Schroder International Selection Fund – Enhancement of disclosures on benchmarks

We are writing to advise you that the board of directors of Schroder International Selection Fund (the "Company") has enhanced certain disclosures with respect to the sub-funds of the Company (as detailed in a table available at https://www.schroders.com/en/sysglobalassets/digital/hong-kong/investor-notice/202012_sisf_enhancement_of_disclosures_on_benchmarks_table_en.pdf¹), specifically, the European Securities and Markets Authority (ESMA) Q&A on the application of the UCITS Directive (March 2019 update) regarding the way in which funds describe their use of benchmarks and display performance to shareholders.

As a result of this guidance, we have stated for each sub-fund whether it has a target benchmark (which defines the sub-fund's target performance) and the extent to which any other benchmarks should be used by shareholders to assess performance (i.e. comparator benchmarks). We have also explained why a particular benchmark has been selected for the relevant sub-fund. In addition, we have confirmed that each sub-fund is actively managed and some investment policies include additional detail in that respect.

For sub-funds that have target benchmarks, their investment objectives have been enhanced to define the sub-fund's target performance. For instance, where a sub-fund's objective previously stated it aimed to provide 'capital growth', we are now providing more information as to what we mean by 'capital growth', for example to exceed the return of the target benchmark after fees have been deducted over a stated period. We have set out the enhanced investment objectives of the relevant sub-funds in a table available at https://www.schroders.com/en/sysglobalassets/digital/hong-kong/investor-notice/202012_sisf_enhancement_of_disclosures_on_benchmarks_table_en.pdf¹.

The Company confirms in each case that:

- there are no changes to how the sub-funds are managed;

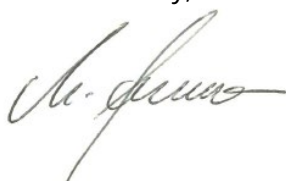
¹ This website has not been reviewed by the SFC.

- the investment style, investment philosophy and risk profile of the sub-funds remains the same; and
- the fees chargeable in respect of the sub-funds as stated in the Prospectus remain the same.

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 updates.

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,



Mike Sommer
Authorised Signatory



Nirosha Jayawardana
Authorised Signatory

***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	1.84%	Class A USD Acc 1.84%
	Class A EUR Hedged Acc	1.87%	Class A1 USD Acc 2.34%
	Class A1 EUR Hedged Acc	2.37%	Class A HKD Acc 1.84%*
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);</p> <p>Subsequent investment – EUR1,000 or USD1,000 (or equivalent)</p>		

* The ongoing charges figure is based on the annualised expenses for the interim period ended 30 June 2020. This figure may vary from year to year.

*As the share class will launch in January 2021, the ongoing charges figure is an estimate only. The ongoing charges figures are estimated based on the ongoing charges figure of Class A USD Acc for the interim period ended 30 June 2020 because the fee structures of Class A USD Acc are the same as those of Class A HKD Acc. The actual ongoing charges figure of the relevant share class may be different from the estimate and 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 and equity related securities of companies worldwide which the investment manager believes will benefit from efforts to accommodate or limit the impact of global climate change.

Investment Policy

The fund invests at least two-thirds of its assets in equity and equity related securities of companies worldwide which the investment manager believes will benefit from efforts to accommodate or limit the impact of global climate change. As the fund is index-unconstrained it is managed without reference to an index.

The investment manager believes that companies that recognise the threats and embrace the challenges early, or that form part of the solution to the problems linked to climate change, will ultimately benefit from long term structural growth which is underappreciated by the market. We expect these companies to outperform once the market recognises these stronger earnings growth dynamics.

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. For details of such assessment, please refer to "Climate Change Strategy" described below.

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 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 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.

It is the present intention of the investment manager to invest the fund heavily in sectors having a direct impact on efforts to mitigate or adapt to climate change, namely auto, renewable energy, utility, materials, and industrial sectors.

The fund may use derivatives with the aim of 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.

Climate Change Strategy

The strategy looks for opportunities across a global and diverse opportunity set, providing a well-diversified portfolio of different companies across sectors linked to climate change. The strategy invests across five key climate change themes: energy efficiency, environmental resources, sustainable transport, clean energy and low-carbon leader.

The investment manager's first task in the process of stock selection is to determine a universe of companies from the global investment universe whose long-term business outlook, in its opinion, is impacted by efforts to mitigate or adapt to climate change. The investment manager has built a team process and supporting systems that draw on a range of inputs to identify companies where climate change is a significant positive to the business outlook.

Given rapidly changing business impacts, it is not possible to have simple percentage rules for the amount that a company is positively or negatively impacted by climate change. The overarching principle is that climate change must have a significant impact on the long-term business outlook for a stock to be included. When assessing the significance of climate change on the long-term business-outlook for a company, the investment manager considers the relevant impact on expected revenue growth, operating margin and capital intensity of the company. The strategy excludes companies that generate significant revenues from fossil fuel (e.g. oil, coal, gas, tar-sands, shale-gas), tobacco and weapons from the investable universe.

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. Risks relating to sustainable investment approach

- *Concentration risk:* The fund follows a sustainable investment approach, which may cause it to be overweight and/or underweight in certain sectors and thus perform differently than funds that have a similar objective but which do not incorporate sustainability investment criteria when selecting securities. The use of specific climate change criteria may also result in the fund being concentrated in certain companies and its value may be more volatile than that of fund having a more diverse portfolio of investments.
- *Subjective judgment in investment selection:* In pursuing the sustainable investment approach, the investment manager integrates certain environmental and social sustainability themes into the investment selection process, which involves analysis of potential investment based on certain "sustainability factors". Such assessment by the investment manager is subjective in nature and therefore it is possible that the investment manager may have a different interpretation of what is sustainable compared to another manager which may lead to the fund investing in certain opportunities or foregoing investment opportunities, and sustainable characteristics of a security can change over time.
- *Exclusion risk:* The use of exclusions may affect the fund's investment performance and, as such, the fund may perform differently compared to similar funds that do not use such criteria. Environmental and social exclusion criteria used in the fund's investment strategy may result in the fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their environmental and social characteristics when it might be disadvantageous to do so. As such, the application of exclusion criteria may restrict the ability of the fund to acquire or dispose of its investments at a price and time that it wishes to do so, and may therefore result in a loss to the fund.

- *Reliance on corporate data or third-party information:* When assessing a potential investment based on the fund's sustainability criteria, the investment manager is dependent upon information and data from the security issuer and/or third-parties (which may include providers for research, reports, exclusions, ratings and/or analysis such as index providers and consultants). Such information or data may be incomplete, inaccurate or inconsistent. As a result, there is a risk that the investment manager may make an assessment of a security or issuers based on incorrect information. The lack of a standardized taxonomy may also affect the investment manager's ability to measure and assess the environment and social impact of a potential investment.
- *Change in nature of investments:* The securities held by the fund may be subject to style drift which no longer meet the fund's climate change criteria after its investments. The investment manager may have to sell such security held by the fund at a disadvantageous price. This may lead to a fall in the value of the fund.

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. 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. 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.

7. 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.

8. 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.

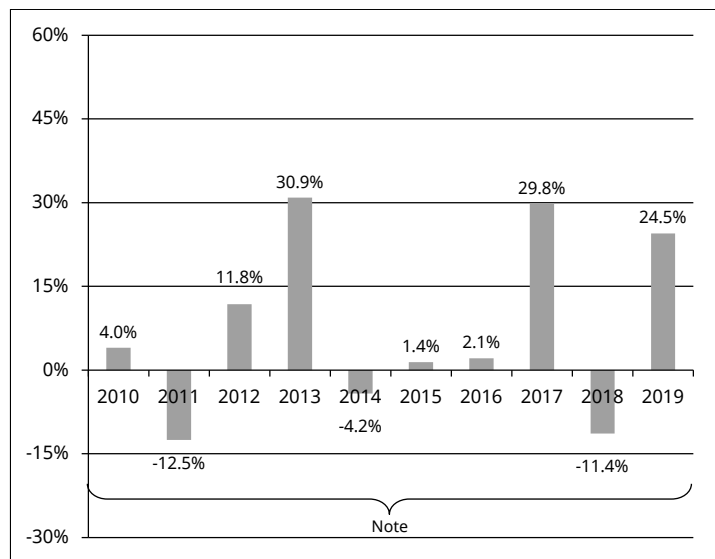
9. Risks relating to hedging and the hedged classes

- 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.

10. 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: 2007
- Class A USD Accumulation launch date: 2007
- 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 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
Subscription fee (Initial charge)		Up to 5.00% of the total subscription amount	Up to 4.00% of the total subscription amount
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%	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 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.