

**Schroder International Selection Fund**  
Société d'Investissement à Capital Variable  
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Grand Duchy of Luxembourg

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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. 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.**

**18 August 2023**

Dear Shareholder,

**Schroder International Selection Fund (the "Company") – Transfer of investor data, changes to subscription, redemption and switching procedures and other changes**

### **Transfer of investor data**

We are writing to inform you that the Company's prospectus has been updated to state that investor data (such as name and address) may be transferred by or on behalf of Schroder Investment Management (Europe) S.A. to certain third party service providers, such as paying agents or facilities agents, in the EEA, Switzerland, the UK and Hong Kong.

For further information on the transfer of your personal data please refer to our privacy policy (available at [www.schroders.com/en/privacy-policy](http://www.schroders.com/en/privacy-policy)<sup>1</sup>).

### **Changes to subscription, redemption and switching procedures and other changes**

Please note that instructions for subscription, redemption and switching of shares in the sub-funds of the Company (the "**Sub-Funds**") can also be submitted by post or by fax to the Company's transfer agent's delegate, The Hongkong and Shanghai Banking Corporation Limited (the "**Delegate**"). The Hong Kong Representative, Schroder Investment Management (Hong Kong) Limited, will continue to receive applications for subscription, redemption and switching of shares in the Sub-Funds by post, but applications by fax should be made to the Delegate only.

The transfer of shares may also be effected by delivery to the Delegate of a duly signed transfer form in appropriate form.

The Hong Kong offering documents of the Company will be revised to reflect the changes as set out above and will be available free of charge at [www.schroders.com.hk](http://www.schroders.com.hk)<sup>2</sup> or upon request from

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<sup>1</sup> This website has not been reviewed by the SFC.

<sup>2</sup> This website has not been reviewed by the SFC.

[www.schroders.com](http://www.schroders.com)

R.C.S. Luxembourg – B. 8202

For your security telephone conversations may be recorded

the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited.

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

Yours faithfully,

**The Board of Directors**

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

April 2023

*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

<b>Management company:</b>	Schroder Investment Management (Europe) S.A.			
<b>Investment manager:</b>	Schroder Investment Management Limited, located in the United Kingdom, internal delegation			
<b>Sub-investment manager(s) and sub-delegate(s), if any:</b>	Internal delegation to one or more sub-investment manager(s) (if any) and sub-delegate(s) (if any) as described in the section headed "Sub-Investment Managers and Sub-Delegates" in the Hong Kong Covering Document. The list of the latest sub-investment manager(s) and sub-delegate(s) of the fund will be provided on request and shall be further disclosed in the periodic reports of Schroder International Selection Fund.			
<b>Depository:</b>	J.P. Morgan SE – Luxembourg Branch			
<b>Ongoing charges over a year*:</b>	Class A USD Acc	1.84%	Class A1 USD Acc	2.34%
	Class A EUR Acc	1.84%	Class A EUR Hedged Acc	1.87%
	Class A1 EUR Hedged Acc	2.37%	Class A HKD Acc	1.84%
<b>Dealing frequency:</b>	Daily			
<b>Base currency:</b>	USD			
<b>Dividend policy:</b>	A and A1 Accumulation share classes – Dividend will not be distributed but will be reinvested into the fund.			
<b>Financial year end of this fund:</b>	31 December			
<b>Minimum investment:</b>	A and A1 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 2022. 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 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 and which meet the investment manager's sustainability criteria.

### Investment Policy

The fund is actively managed and 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.

The fund maintains a higher overall level of avoided emissions than MSCI All Country World (Net TR) index, based on the investment manager's rating system. More details on the investment process used to achieve this can be found in the "Climate Change Strategy" section 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 does not directly invest in certain activities, industries or groups of issuers which generate revenue above the respective limits as prescribed by the investment manager from time to time, including but not limited to revenues from tobacco and controversial weapons. The respective limits and exclusion list may be updated from time to time. For further information, please refer to the fund's webpage<sup>1</sup>.

The fund invests in companies that have good governance practices, as determined by the investment manager's rating criteria (please see the "Climate Change Strategy" section below for more details).

The investment manager may also engage with companies held by the fund to challenge identified areas of weakness on sustainability issues. More details on the investment manager's approach to sustainability and its engagement with companies are available on the website<sup>2</sup>.

The fund may invest directly in China B-Shares and China H-Shares and may invest up to 10% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively "Stock Connect") (as further described in the section headed "Stock Connect" in the Hong Kong Covering Document) and on the Science and Technology Innovation Board of the Shanghai Stock Exchange ("STAR Board") and the ChiNext market of the Shenzhen Stock Exchange ("ChiNext market").

The fund does not currently intend to invest (i) more than 10% of its net asset value in China A-Shares via the Stock Connect, the STAR Board and the ChiNext market and (ii) more than 10% of its net asset value directly or indirectly in China A-Shares and China B-Shares.

The fund may also invest up to one-third of its assets directly or indirectly in other securities (including other asset classes), countries, regions, industries or currencies, investment funds, warrants and money market investments, and hold cash (subject to the restrictions provided in Appendix I of the Prospectus).

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.

<sup>1</sup> Accessed via [www.schroders.com/en/lu/private-investor/gfc](http://www.schroders.com/en/lu/private-investor/gfc) (this website has not been reviewed by the SFC).

<sup>2</sup> Accessed via <https://www.schroders.com/en/hk/retail-investors/sustainability/making-an-impact-through-sustainability> (this website has not been reviewed by the SFC).

## Schroder International Selection Fund - Global Climate Change Equity

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 applies sustainability criteria when selecting investments for the fund.

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 and a company is assessed on a number of factors which include but are not limited to:

- If the company has significant direct industry exposure to climate change trends (mitigation - reducing greenhouse gas emissions through energy efficiency, renewable power, and cleaner vehicles; or adaptation those that are preparing for the impacts of climate change, for example water stress, coastal flooding, community health issues, or supply chain disruptions, among other issues).
- The proportion of business segments that are potentially exposed to climate change trends.
- If the company has significant investment and research and development spending related to the transition to a lower carbon economy.
- A product portfolio that takes into account the physical and transition risks posed by climate change.
- The impact on the company of rising carbon costs in the context of its industry and competitive environment.

The investment manager will then decide on a case by case basis whether a company is eligible for inclusion in the fund's investment universe, based on this assessment. In addition, the investment manager's environmental, social and governance ("ESG") analysis seeks to evaluate the materiality and impact of a range of ESG factors on the sustainability of future earnings growth and as potential risk factors that may affect a company's valuation. The investment manager's decision will focus on ratings in the areas that are most relevant to the particular business of that company.

The investment manager performs its own analysis of information provided by the companies, including information provided in company sustainability reports and other relevant company material. The research draws information from a wide variety of publicly available corporate information and company meetings, broker reports and outputs from industry bodies, research organisations, think tanks, legislators, consultants,

NGOs and academics. Third party research is used as a secondary consideration, and generally provides a source of challenge or endorsement for the investment manager's proprietary view.

The investment manager ensures that at least 90% of companies in the fund's portfolio are rated against the sustainability criteria. As a result of the application of sustainability criteria, at least 20% of the fund's potential investment universe is excluded from the selection of investments.

For the purposes of this test (i.e. determination of the percentage of the fund's potential investment universe that has been excluded from the selection of investments), the potential investment universe is the core universe of issuers that the investment manager may select for the fund prior to the application of sustainability criteria, in accordance with the other limitations of the investment objective and policy. This universe is comprised of equity and equity related securities of companies worldwide.

#### Benchmark

The fund does not have a target benchmark. The fund's performance should be compared against the MSCI All Country World (Net TR) index. The comparator benchmark is only included for performance comparison purposes and does not determine how the investment manager invests the fund's assets. The fund's investment universe is expected to overlap materially with the components of the comparator benchmark. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the fund.

### **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 when it might otherwise be advantageous to do so and/or selling securities due to their sustainable characteristics when it might be disadvantaged to do so.

- **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 per share.**
- 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

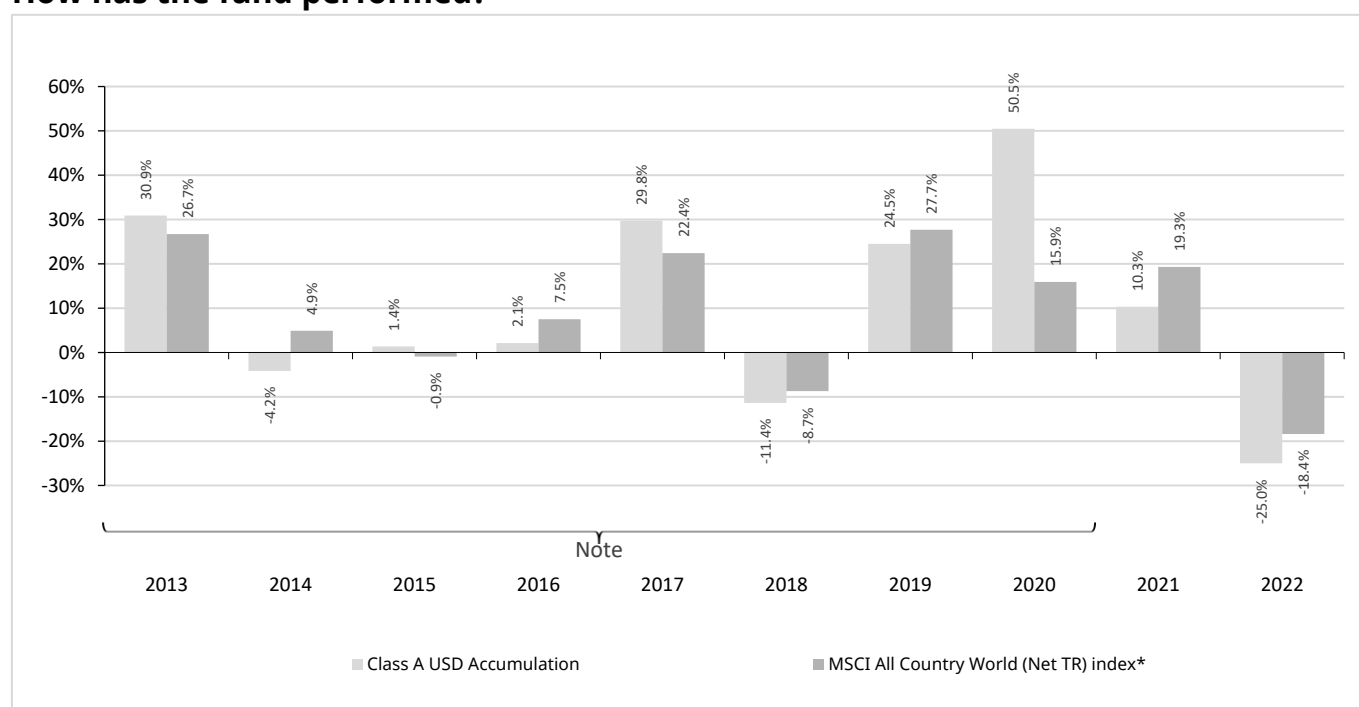
- In respect of the share classes which the management company of the fund has the ability to fully hedge the shares of such share classes in relation to the fund currency, currency exposures or currency hedging transactions within the fund's portfolio will not be considered. The aim of a currency hedged 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 fund currency and the reference currency. However there is no assurance that the hedging strategies employed will be effective in fully eliminating the currency exposure to the reference currency thereby delivering performance differentials that are reflective only of interest rate differences adjusted for fees.
- 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, where relevant, 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.

## 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.
- Comparator Benchmark: MSCI All Country World (Net TR) index\*
- 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 were material changes to the fund, namely, changes of investment policy and reduction of fee(s).

\* With effect from 1 May 2021, the comparator benchmark has changed from MSCI World (Net TR) index to MSCI All Country World (Net TR) index as it is more relevant with how the fund is managed.

## 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.

<b>Fee</b>	<b>What you pay</b>	
<b>Share class</b>	A	A1
<b>Subscription fee (Initial charge)</b>	Up to 5.00% of the total subscription amount	Up to 4.00% of the total subscription amount
<b>Switching fee (Switching charge)</b>	Up to 1.00% of the value of the shares to be switched	
<b>Redemption fee (Redemption charge)</b>	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.

	<b>Annual rate (as a % of the fund's value)</b>	
<b>Share class *</b>	A	A1
<b>Management fee (Annual Management Charge)</b>	1.50%	
<b>Depositary fee</b>	Up to 0.005%	
<b>Performance fee</b>	Nil	
<b>Administration fee</b>	Up to 0.25%	
<b>Distribution charge (Annual Distribution Charge)</b>	Nil	0.50%
<b>Custody safekeeping fee</b>	Up to 0.3%	
<b>Transaction fees (charged by the Depositary)</b>	Up to USD75 per transaction	
<b>Fund accounting and valuation fees</b>	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.

**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](http://www.schroders.com.hk)). This website has not been reviewed by the SFC.
- Past performance information of other share classes offered to Hong Kong investors is available online at [www.schroders.com.hk](http://www.schroders.com.hk). This website has not been reviewed by the SFC.
- 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](http://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.