

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 (Hong Kong) Limited, located in Hong Kong, internal delegation			
Depository:	J.P. Morgan Bank Luxembourg S.A.			
Ongoing charges over a year*:	Class A HKD Acc	1.04%	Class A1 HKD Acc	1.49%
	Class A HKD Dis MV	1.04%		
Dealing frequency:	Daily			
Base currency:	HKD			
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 and income by investing in fixed and floating rate securities denominated in HKD.

Investment Policy

The fund invests at least two-thirds of its assets in fixed and floating rate securities denominated in HKD issued by governments, government agencies, supra-nationals and companies worldwide and derivatives related to the above instruments.

The fund may invest in the People's Republic of China ("PRC") under the Foreign Access Regime (as further described in the section headed "Overview of China Interbank Bond Market" in the Hong Kong Covering Document). The fund may also invest up to 5% of its net asset value in PRC onshore investments traded on the China Interbank Bond Market via Bond Connect (as further described in the section headed "Overview of China Interbank Bond Market" in the Hong Kong Covering Document). It is intended that the exposure of the fund to PRC onshore investments through the Foreign Access Regime and Bond Connect will be less than 30% of the net asset value.

The fund may not invest:-

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

The fund 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 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, long and short, with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. Derivatives may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the fund's duration through the tactical use of interest related derivatives, generating additional income through inflation or volatility linked derivatives or increasing its currency exposure through the use of currency related derivatives. Derivatives could also be employed to create synthetic instruments. Such derivatives include over-the-counter and/or exchange traded options, futures, 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. Risk relating to investment in debt securities

- **Credit and counterparty risk** – Investment in debt securities is subject to the credit/default risk of the issuer which may also adversely affect the settlement of the securities.
- **Interest rate risks** – Investment in the fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Credit ratings risk** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Credit downgrading risk** – The credit rating of debt securities or their issuers may subsequently be downgraded. In the event of such downgrading, the value of the fund may be adversely affected. The investment manager may not dispose of such securities immediately and the fund may therefore be subject to additional risk of loss.
- **Liquidity and volatility risk** – Securities not listed or rated or actively traded may have low liquidity and higher volatility. The prices of such securities may be subject to fluctuations. The bid and offer spread of their price may be high and the fund may therefore incur significant trading costs and may even suffer losses when selling such instruments.
- **Valuation risk** – Valuation of the fund's investment may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

2. Sovereign debt risk

Investment in sovereign debt obligations issued or guaranteed by governments or their agencies of certain developing countries and certain developed countries may expose the fund to political, social and economic risks. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by various factors. In the event that a government entity defaults on its sovereign debt, holders of sovereign debt, including the fund, may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant government entity. The fund may suffer significant losses in such events.

3. 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.

4. 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.

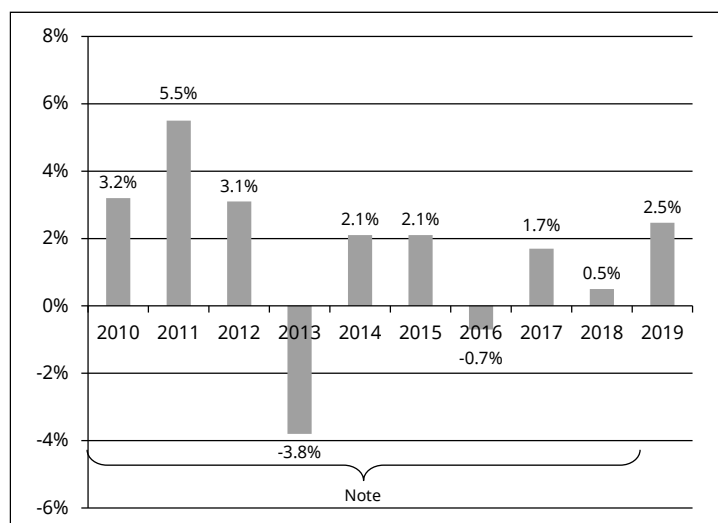
5. Emerging and less developed markets

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.

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.**

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 A HKD Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 2002
- Class A HKD Accumulation launch date: 2002
- The management company views the Class A HKD 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, reduction of fee(s).

Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the fund.

Fee	What you pay		
Share class	A	A1	D
Subscription fee (Initial charge)	Up to 3.00% of the total subscription amount	Up to 2.00% of the total subscription amount	Nil
Switching fee (Switching charge)	Up to 1.00% of the value of the shares to be switched		
Redemption fee (Redemption charge)	Nil		

Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the fund's value)		
Share class*	A	A1	D
Management fee	0.75%	0.75%	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 cutoff 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.