

18 January 2021

Dear Shareholder,

Fund merger: Schroder International Selection Fund — European Opportunities with Schroder International Selection Fund — European Sustainable Equity

We are writing to advise you that, Schroder International Selection Fund — European Opportunities (the "Merging Fund") will be merging with Schroder International Selection Fund — European Sustainable Equity (the "Receiving Fund") (the "Merger"). Shareholders will receive the equivalent value of shares in the Receiving Fund in place of their current shares in the Merging Fund. This will take place on 31 March 2021 (the "Effective Date").

Background and rationale

Upon review, the board of directors (the "Board") of Schroder International Selection Fund (the "Company") concluded that shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The Merging Fund and the Receiving Fund have similar investment strategies with similar risk profiles, but the investment manager believes that the Receiving Fund has a greater capacity to deliver on its objective of outperforming the MSCI Europe net of fees over rolling three to five year periods.

Both Funds are primarily invested in European companies, have a similar number of holdings (40-60) and have the same target benchmark (the MSCI Europe Net TR Index). This index is representative of the type of investments in which both Funds are likely to invest. The Merging Fund has experienced some manager changes in recent years, whilst the Receiving Fund is a sustainably European equity solution which has outperformed its benchmark materially since launch.

The Board believes this Merger is in the interest of both Funds' shareholders. This decision has been made in accordance with Article 5 of the articles of incorporation of the Company (the "Articles") and the provisions of the prospectus of the Company (the "Prospectus").

Investment objectives and policies

The investment objectives of both the Merging Fund and the Receiving Fund include the provision of capital growth by investing in equity and equity related securities of European companies. [The Receiving Fund may use derivatives with the aim of achieving investment gains while the Merging Fund may not use derivatives with such an aim.] The base currency of both funds is EUR. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found in the Appendix.

Share classes and annual investment management fee changes

The synthetic risk and return indicator (the SRRI) of the Receiving Fund and the Merging Fund is the same (category 6).

The table below summarises the annual investment management charges (the AMC) and ongoing charges (the OGC) for the share classes of the Merging Fund and the Receiving Fund. Shareholders in the Merging Fund will be charged the same or lower AMC as a result of the Merger. Shareholders in the Merging Fund will be charged lower OGC as a result of the Merger, except for share classes I and S, for which they will be slightly higher.

Share class	Merging Fund		Receiving Fund	
	AMC	OGC	AMC	OGC ¹
A	1.50%	1.84%	1.25%	1.65%
A1	1.50%	2.34%	1.25%*	2.15%*
B	1.50%	2.44%	1.25%	2.25%
C	0.75%	1.04%	0.625%	0.98%
I	0.00%	0.08%	0.00%	0.11%
IZ	Up to 0.75% p.a.	0.83%	Up to 0.625% p.a.	0.74%
S	Up to 1.50% p.a.	0.67%	Up to 1.50% p.a.	0.72%*

* This share class will be launched on the Effective Date to facilitate the Merger.

Dealing cut-off time and settlement periods for subscriptions and redemptions

There is no change to the dealing cut-off time or the settlement periods. The dealing cut-off time of the Receiving Fund is 1.00 p.m. Luxembourg time on the dealing day. Orders that reach HSBC Continental Europe, Luxembourg ("HSBC") before the cut-off time will be executed on the dealing day. The settlement periods for subscription and redemption are within three business days following a dealing day.

A key features comparison table of the Merging Fund and the Receiving Fund (including the share class changes) can be found in the Appendix.

Merger

This Merger notice is required by Luxembourg law.

As a result of the Merger, there will be no change of legal entity acting as investment manager, which remains Schroder Investment Management Limited.

Costs and expenses of the Merger

¹ Percentages are per annum and are stated with reference to the net asset value per share. The OGCs include, where applicable, the distribution charge, shareholder servicing charge, investment management fee and other administration costs including the fund administration, custodian and transfer agency costs. They include the management fees and administration costs of the underlying investment funds in the portfolio. The OGCs are as at 28 July 2020. Hedged share classes are also subject to an additional charge of up to 0.03%.

The Merging Fund has no unamortised preliminary expenses and outstanding set-up costs. The expenses incurred in the Merger, including the legal, advisory and administrative costs, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the "Management Company").

From 25 March 2021, in order to account for the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund's portfolio, or associated with redemption or switch orders received during the period leading up to the Merger, the Merging Fund's net asset value per share will be adjusted down each time there is a net outflow from the Merging Fund by means of a dilution adjustment. In the event that there are net inflows to the Merging Fund during this period the net asset value per share will be adjusted upwards. The adjustment aims to protect existing and continuing investors in the Merging Fund from bearing market-related transaction costs and to apportion these costs appropriately. However, it is not expected that these transaction costs will be significant and they will not have a material impact on the shareholders of either fund. Further information relating to dilution adjustments is available in the Prospectus in section 2.4 "Calculation of Net Asset Value". The Prospectus is available at www.schroders.lu.

Exchange ratio, treatment of accrued income and consequences of the Merger

On the Effective Date, the net assets of the Merging Fund will be transferred to the Receiving Fund. For the shares of each class that they hold in the Merging Fund, shareholders of the Merging Fund will receive an equal amount by value of shares of the corresponding class in the Receiving Fund. The exchange ratio of the Merger will be the result of the ratio between the net asset value of the relevant class of the Merging Fund and the net asset value or initial issue price of the relevant class of the Receiving Fund as of the Effective Date. While the overall value of the shareholders' holdings will remain the same, shareholders may receive a different number of shares in the Receiving Fund than they had previously held in the Merging Fund.

Any accrued income relating to the Merging Fund's shares at the time of the Merger will be included in the calculation of the final net asset value per share of the Merging Fund and will be accounted for after the Merger in the net asset value per share of the Receiving Fund. The Receiving Fund will not bear any additional income, expenses and liabilities attributable to the Merging Fund accruing after the Effective Date.

After the Merger, you will become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Merging Fund. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found under section "Existing and New Share Class Mapping" in the Appendix.

The first dealing date for your shares in the Receiving Fund will be 1 April 2021, the related deal cut-off for this dealing day being 1.00 p.m. Luxembourg time on the dealing day.

Rights of shareholders to redeem/switch

If you do not wish to hold shares in the Receiving Fund from the Effective Date, you have the right to redeem your holding in the Merging Fund or to switch into another Schroder fund at any time up to and including the dealing day on 24 March 2021.

HSBC will execute your redemption or switch instructions in accordance with the provisions of the Prospectus free of charge, although in some countries local paying agents, correspondent banks or similar agents may charge transaction fees. Local agents may 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 HSBC before the 1.00 p.m. Luxembourg time deal cut-off on 24 March 2021.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on 1 March 2021. To allow sufficient time for changes to be made to regular savings plans and similar facilities,

subscriptions or switches into the Merging Fund will be accepted from existing investors until 17 March 2021 (deal cut-off at 1.00 p.m. on 17 March 2021).

Tax status

The conversion of shares at the time of the Merger and / or your redemption or switch of shares prior to the Merger might affect the tax status of your investment, so we recommend that you seek independent professional advice on this.

Further information

We advise shareholders to read the Receiving Fund's key investor information document (the KIID) which accompanies this letter. This is a representative KIID for the Receiving Fund, showing information for a standard share class (A share class). It is, together with the KIIDs of all other available share classes, available at www.schroders.lu. The Prospectus is also available at that address.

An audit report will be prepared by the approved statutory auditor in relation to the Merger and will be available free of charge upon request from the Management Company.

We hope that you will choose to remain invested in the Receiving Fund after the Merger. If you would like more information, please contact your local Schroders office, your usual professional adviser or the Management Company on (+352) 341 342 202.

Yours faithfully,



Cecilia Vernerson
Authorised Signatory



Mike Sommer
Authorised Signatory

Appendix

Key Features Comparison Table

The following is a comparison of the principal features of the Merging Fund and the Receiving Fund. Both are sub-funds of the Company. Full details are set out in the Prospectus and shareholders are also advised to consult the KIID of the Receiving Fund.

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
Prospectus Investment Objective and Policy	<p>Investment Objective</p> <p>The Fund aims to provide capital growth in excess of the MSCI Europe (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of companies listed in Europe.</p> <p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies listed in Europe.</p> <p>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.</p> <p>The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.</p> <p>Benchmark</p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the MSCI Europe (Net TR) index and compared against the Morningstar Europe Large Cap Blend</p>	<p>Investment Objective</p> <p>The Fund aims to provide capital growth in excess of the MSCI Europe (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of European companies which meet the Investment Manager's sustainability criteria.</p> <p>Investment Policy</p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of European companies.</p> <p>The Investment Manager believes that companies demonstrating positive sustainability characteristics, such as managing the business for the long-term, recognising its responsibilities to its customers, employees and suppliers, and respecting the environment, are better-placed to maintain their growth and returns over the long term.</p> <p>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.</p> <p>The Fund may also invest up to one-third of its assets directly or indirectly in</p>

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
	<p>Equity Category. The Fund's investment universe is expected to overlap materially with the components of the target benchmark. The comparator benchmark is only included for performance comparison purposes and does not have any bearing on how the Investment Manager invests the Fund's assets. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark. The Investment Manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.</p> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager believes that the benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p>	<p>other securities (including other asset classes), countries, regions, industries or currencies, Investment Funds, warrants and Money Market Investments, and hold cash.</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>Benchmark</p> <p>The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI Europe (Net TR) index and compared against the MSCI Europe Value (Net TR) index and the Morningstar Europe Large Cap Value Equity Category. The Fund's investment universe is expected to overlap to a limited extent with the components of the target benchmark and the MSCI Europe Value (Net TR) index. The comparator benchmarks are only included for performance comparison purposes and do not have any bearing on how the Investment Manager invests the Fund's assets. The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Fund's portfolio and performance may deviate from the target benchmark or the MSCI Europe Value (Net TR) index.</p> <p>The Investment Manager will invest in companies or sectors not included in the target benchmark or the MSCI Europe Value (Net TR) index in order to take advantage of specific investment opportunities.</p> <p>The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.</p>

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
KIID Objectives and Investment Policy	<p>Objectives</p> <p>The Fund aims to provide capital growth in excess of the MSCI Europe (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of companies listed in Europe.</p> <p>Investment Policy</p> <p>The fund is actively managed and invests at least two-thirds of its assets in equities of companies listed in Europe. 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. The fund may also invest 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. The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently.</p>	<p>Objectives</p> <p>The fund aims to provide capital growth in excess of the MSCI Europe (Net TR) Index after fees have been deducted over a three to five year period by investing in equities of European companies which meet the investment manager's sustainability criteria.</p> <p>Investment Policy</p> <p>The fund is actively managed and invests at least two-thirds of its assets in equities of European companies. The investment manager believes that companies demonstrating positive sustainability characteristics, such as managing the business for the long-term, recognising its responsibilities to its customers, employees and suppliers, and respecting the environment, are better-placed to maintain their growth and returns over the long term. 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. The fund may also invest 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. The fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently.</p>

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
Investment Manager	Schroder Investment Management Limited	Schroder Investment Management Limited
Synthetic Risk and Reward Indicator (SRRI)	Category 6	Category 6
KIID risk disclosures**	<p>Risk factors</p> <p>Currency risk: The fund may lose value as a result of movements in foreign exchange rates.</p> <p>Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.</p> <p>Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.</p> <p>Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.</p> <p>IBOR: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.</p> <p>Derivatives risk – Efficient Portfolio Management: Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.</p>	<p>Risk factors</p> <p>Currency risk: The fund may lose value as a result of movements in foreign exchange rates.</p> <p>Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.</p> <p>Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.</p> <p>Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.</p> <p>IBOR: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.</p> <p>Derivatives risk – Efficient Portfolio Management and Investment Purposes: Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund</p>

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
		may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.
Profile of the Typical Investor	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Fund Category	Specialist Equity Fund	Specialist Equity Fund
Fund Currency	EUR	EUR
Launch Date	12 March 2014	12 December 2018
Total Fund Size as at 17 December 2020	EUR 28.6m	EUR 30.9m
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	Orders must reach HSBC before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.	Orders must reach HSBC before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.
Risk Management Method	Commitment	Commitment
Initial Charge	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) A1: up to 4.00% of the total subscription amount (equivalent to 4.16667% of the Net Asset Value per Share) B: None C: up to 1.00% of the total subscription amount (equivalent	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) A1: up to 4.00% of the total subscription amount (equivalent to 4.16667% of the Net Asset Value per Share) B: None C: up to 1.00% of the total subscription amount (equivalent

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
	to 1.0101% of the Net Asset Value per share) I: None IZ: None S: None	to 1.0101% of the Net Asset Value per share) I: None IZ: None S: None
Management Fees by Share Class	A: 1.50% per annum A1: 1.50% per annum B: 1.50% per annum C: 0.75% per annum I: 0.00% per annum IZ: Up to 0.75% per annum S: Up to 1.50% per annum	A: 1.25% per annum A1: 1.25% per annum B: 1.25% per annum C: 0.625% per annum I: 0.00% per annum IZ: Up to 0.625% per annum S: Up to 1.50% per annum
Performance Fees	None	None
On-Going Charge²	A: 1.84% per annum A1: 2.34% per annum B: 2.44% per annum C: 1.04% per annum I: 0.08% per annum IZ: 0.83% per annum S: 0.67% per annum	A: 1.65% per annum A1: 2.15% per annum ³ B: 2.25% per annum C: 0.98% per annum I: 0.11% per annum IZ: 0.74% per annum S: 0.72% per annum ⁴

² Percentages are per annum and are stated with reference to the net asset value per share. The OGCs include, where applicable, the distribution charge, shareholder servicing charge, investment management fee and other administration costs including the fund administration, custodian and transfer agency costs. They include the management fees and administration costs of the underlying investment funds in the portfolio. The OGCs are as at 30 June 2020. Hedged share classes are also subject to an additional charge of up to 0.03%.

³ This share class will be launched on the Effective Date to facilitate the Merger.

⁴ This share class will be launched on the Effective Date to facilitate the Merger.

	Merging Fund Schroder International Selection Fund — European Opportunities	Receiving Fund Schroder International Selection Fund — European Sustainable Equity
Existing and New Share Class Mapping	Existing Share Class Held	New Share Class to be Held
	A Accumulation EUR	A Accumulation EUR
	A Distribution (SV) EUR	A Distribution (SV) EUR*
	A1 Accumulation EUR	A1 Accumulation EUR*
	B Accumulation EUR	B Accumulation EUR
	C Accumulation EUR	C Accumulation EUR
	C Distribution (SV) EUR	C Distribution (SV) EUR*
	I Accumulation EUR	I Accumulation EUR
	IZ Accumulation EUR	IZ Accumulation EUR
	S Distribution (SV) EUR	S Distribution (SV) EUR*
	C Distribution (SV) GBP	C Distribution (SV) GBP*
	A Distribution (SV) USD	A Distribution (SV) USD*
	C Distribution (SV) USD	C Distribution (SV) USD*
	A Accumulation USD hedged	A Accumulation USD hedged*
	A1 Accumulation USD hedged	A1 Accumulation USD hedged*

The Merger will also apply to any additional share classes launched prior to the Effective Date.

* This share class will be launched on the Effective Date to facilitate the Merger.