

**3 April 2024**

Dear Shareholder,

## **Schroder International Selection Fund (the "Company") – European Innovators (the "Fund")**

We are writing to advise you that with effect from 8 May 2024 the Fund will change its strategy to be more specifically focused on impact investing. The Fund's name, investment objective, investment policy, sustainability criteria and Pre-contractual disclosure in Appendix IV of the Company's prospectus in accordance with SFDR and Commission Delegated Regulation (EU) 2022/1288 will be amended to reflect this.

### **Background and rationale**

The Fund is classified as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR) and invests in sustainable investments, which are investments in companies that contribute towards the advancement of one or more of the UN SDGs using a science or engineering-driven, innovation-led approach. The Fund also holds investments that the Investment Manager deems to be neutral under its sustainability criteria, such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently. While the type of sustainable investments will remain, from the Effective Date the Fund will become part of Schroders' Impact Driven strategies. As such, it will apply a specific selective investment criteria and references to the impact investment process are being added to reflect that.

The following changes will be made:

### **Name change**

From the Effective Date the Fund's name will change to Schroder International Selection Fund – European Equity Impact.

### **Investment Objective and Policy change**

From the Effective Date, the changes to the Fund's details in the prospectus of the Company will be as follows:

- The investment objective will be updated to reflect that the Fund invests in companies whose activities the investment manager considers create positive social or environmental impact

The investment policy, sustainability criteria section and pre-contractual disclosure will be updated to reflect the Fund's impact focus alongside the contribution to SDGs and the impact investment process.

Full details of the changes being made can be seen in Appendix 1 to this letter.

### **Redeeming or switching your shares to another Schroders fund**

We hope that you will choose to remain invested in the Fund following these changes, but if you do wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds before the Effective Date you may do so at any time up to and including deal cut-off on 7 May 2024. Please ensure that your redemption or switch instruction reaches HSBC Continental Europe, Luxembourg ("HSBC") before this deadline. HSBC will execute your redemption or switch instructions in accordance with the provisions of the Company's prospectus, free of charge, although in some countries local paying agents, correspondent banks or similar agents might charge transaction fees. Local agents might 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 deal cut-off given above.

You can find the Fund's updated key information document (the KID) for the relevant share class and the Company's Prospectus at [www.schroders.com](http://www.schroders.com).

If you have any questions or would like more information about Schroders' products please visit [www.schroders.com](http://www.schroders.com) or contact your local Schroders office, your usual professional adviser, or Schroder Investment Management (Europe) S.A. on (+352) 341 342 202.

Yours faithfully,

**The Board of Directors**

## Appendix

### Name change

From the Effective Date the Fund's name will change from:

Schroder International Selection Fund European Innovators

To:

Schroder International Selection Fund European Equity Impact

### Investment Objective and Policy change

New wording is shown in bold. Removed wording is shown as strikethrough text.

Current Investment Objective and Policy	New Investment Objective and Policy
<p><b>Investment Objective</b></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 help to advance the UN SDGs and which the Investment Manager deems to be sustainable investments.</p>	<p><b>Investment Objective</b></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 <del>which help to advance the UN SDGs</del> <b>whose activities the Investment Manager considers create positive social or environmental impact</b> and which the Investment Manager deems to be sustainable investments.</p>
<p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests its assets in (i) sustainable investments, which are investments in companies that contribute towards the advancement of one or more of the UN SDGs using a science or engineering-driven, innovation-led approach (please see the Fund Characteristics section for more details), and (ii) investments that the Investment Manager deems to be neutral under its sustainability criteria.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability-Related Disclosure" on the Fund's webpage <a href="https://www.schroders.com/en-lu/lu/individual/fund-centre">https://www.schroders.com/en-lu/lu/individual/fund-centre</a></p> <p>The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager's rating criteria (please see the Fund Characteristics section for more details).</p> <p>The Investment Manager may 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 webpage <a href="https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-investing/our-">https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-investing/our-</a></p>	<p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests its assets in (i) sustainable investments, which are investments in companies that contribute towards the advancement of <b>an environmental or social objective linked to</b> one or more of the UN SDGs using a science or engineering-driven, innovation-led approach (please see the Fund Characteristics section for more details), and (ii) investments that the Investment Manager deems to be neutral under its sustainability criteria, <b>such as cash and money market investments and derivatives used with the aim of reducing risk (hedging) or managing the Fund more efficiently.</b></p> <p><b>The Investment Manager will select companies from a universe of eligible companies that have been determined as meeting the Investment Manager's impact criteria. The impact criteria include an assessment of the company's contribution to the UN SDGs alongside the Investment Manager's assessment of the</b></p> <p><b>Company's impact via its proprietary impact investment management framework and tools (e.g.including an impact scorecard).</b></p> <p><b>The Fund is part of Schroders' Impact Driven strategies. As such, it applies highly selective investment criteria and its investment process is aligned with the Operating</b></p>

<p><a href="#">sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/</a></p> <p>The Fund will invest at least two thirds of its assets in a concentrated range of equity and equity related securities of European companies. This means typically holding fewer than 30 companies.</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 (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p>	<p><b>Principles for Impact Management which means that an assessment of impact is embedded in the steps of the investment process. All sustainable investments in the Fund are subject to this framework.</b></p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under “Sustainability-Related Disclosure” on the Fund’s webpage <a href="https://www.schroders.com/en-lu/lu/individual/fund-centre">https://www.schroders.com/en-lu/lu/individual/fund-centre</a></p> <p>The Fund invests in companies that do not cause significant environmental or social harm and have good governance practices, as determined by the Investment Manager’s rating criteria (please see the Fund Characteristics section for more details).</p> <p><del>The Investment Manager may engage with companies held by the Fund to challenge identified areas of weakness on sustainability issues.</del> <b>The Investment Manager may also engage with companies held by the Fund to seek to improve sustainability practices and enhance social and environmental impacts generated by underlying investee companies.</b> More details on the Investment Manager’s approach to sustainability and its engagement with companies are available on the webpage <a href="https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/">https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/</a></p> <p>The Fund will invest at least two thirds of its assets in a concentrated range of equity and equity related securities of European companies. This means typically holding fewer than 30 companies.</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 (subject to the restrictions provided in Appendix I).</p> <p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p>
<p><b>Sustainability Criteria</b></p> <p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>The Investment Manager seeks to identify science and engineering-led European companies whose business contributes to addressing challenges faced in society such as reducing CO2 emissions, tackling air pollution and managing the use of scarce resources. The Investment Manager also seeks to identify companies that provide solutions to address the needs of growing and aging populations in areas including healthcare, transport, food and access to crucial services. The Investment Manager will assess how a company is helping to solve problems in</p>	<p><b>Sustainability Criteria</b></p> <p>The Investment Manager applies sustainability criteria when selecting investments for the Fund.</p> <p>The Investment Manager seeks to identify science and engineering-led European companies whose business contributes to addressing challenges faced in society such as reducing CO2 emissions, tackling air pollution and managing the use of scarce resources. The Investment Manager also seeks to identify companies that provide solutions to address the needs of growing and aging populations in areas including healthcare, transport, food and access to crucial services. <del>The Investment Manager will assess how a company is helping to solve problems in</del></p>

<p>society by drawing links between the products and services it sells and one, if not several, of the UN SDGs.</p> <p>Companies held by the Fund are expected to show a commitment to their stakeholders, including customers, employees, suppliers and regulators. The Fund invests in those companies which consider stakeholders fairly and have good governance.</p> <p>Companies meeting the above criteria are considered as potential holdings in the Fund. The Investment Manager performs its own due diligence on potential holdings including, where possible, meetings with senior management.</p> <p>This analysis is supported by quantitative analysis gained from Schroders' proprietary sustainability tools. Such tools are key inputs to measure how companies in the portfolio are meeting the sustainability credentials outlined above.</p> <p>The Investment Manager ensures that at least 90% of the portion of the Fund's Net Asset Value composed of investments in companies is 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.</p> <p>For the purposes of this test, 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 European companies.</p>	<p><del>society by drawing links between the products and services it sells and one, if not several, of the UN SDGs.</del></p> <p><del>Companies held by the Fund are expected to show a commitment to their stakeholders, including customers, employees, suppliers and regulators. The Fund invests in those companies which consider stakeholders fairly and have good governance.</del></p> <p><del>Companies meeting the above criteria are considered as potential holdings in the Fund. The Investment Manager performs its own due diligence on potential holdings including, where possible, meetings with senior management.</del></p> <p><del>This analysis is supported by quantitative analysis gained from Schroders' proprietary sustainability tools. Such tools are key inputs to measure how companies in the portfolio are meeting the sustainability credentials outlined above.</del></p> <p><b>Investments are composed of companies whose products and services contribute positively to at least one of the UN SDGs. In order to identify companies with a direct link to a UN SDG, the Investment Manager applies a two-step approach:</b></p> <ul style="list-style-type: none"> <li><b>• The first is a revenue-based approach that considers whether a certain percentage of the relevant company's revenues, capital expenditure or operating expenditure contributes to an environmental or social objective (as applicable).</b></li> <li><b>• The second is a detailed impact assessment of the company via the completion of a proprietary impact scorecard. The Investment Manager considers different aspects of impact such as: what outcome and UN SDGs the company is contributing to; who is served by the outcome (such as the relevant stakeholder or industry); an assessment of our expected contribution (including Schroders influence and engagement); and consideration of impact risks. The assessment typically includes Key Performance Indicators (KPIs) that are used to track the company's impact over time.</b></li> </ul> <p><b>The company and impact scorecard are then validated and approved by Schroders' Impact Assessment Group (IAG), in order for the company to be eligible for inclusion in the Fund's investible universe. The IAG consists of members from Schroders' impact and sustainable investment teams and members of the investment team. There may be some limited instances where step 2 and the IAG approval may follow subsequently (such as a particularly time sensitive investment).</b></p> <p>The Investment Manager ensures that at least 90% of the portion of the Fund's Net Asset Value composed of investments in companies is rated against the sustainability criteria. As a result of the application of</p>
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	<p>sustainability criteria, at least 20% of the Fund's potential investment universe is excluded from the selection of investments.</p> <p>For the purposes of this test, 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 European companies</p>
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ISIN codes of the share classes impacted by this change:

Share class	Share class currency	ISIN code
A Accumulation	EUR	LU0591897516
A Distribution	EUR	LU1817472001
B Accumulation	EUR	LU2305367166
C Accumulation	EUR	LU0591897862
C Distribution	EUR	LU1817472423
E Accumulation	EUR	LU1577467829
I Accumulation	EUR	LU0591898084
IZ Accumulation	EUR	LU2016215696
S Distribution	EUR	LU1817472936
Z Accumulation	EUR	LU0966865528
A Distribution	GBP	LU1817473744
C Distribution	GBP	LU1817474478
E Accumulation	GBP	LU1577468124
S Distribution	GBP	LU1817474809
Z Accumulation	GBP	LU1577468710
C Distribution	GBP Hedged	LU1817476507