

**4 June 2018**

Dear Shareholder,

## **Schroder International Selection Fund – Global Multi-Asset Flexible**

The board of directors of Schroder International Selection Fund (the "Company") has decided to change the name, investment objective and policy, and profile of the typical investor of Schroder International Selection Fund – Global Multi-Asset Flexible (the "Fund") with effect from 6 July 2018 (the "Effective Date").

### **Name change**

The Fund's new name will be Schroder International Selection Fund – Multi-Asset Growth and Income, which reflects the change in focus of the Fund as it will aim to deliver a sustainable level of income as well as capital growth.

### **Investment Objective Change**

As a result of the focus on delivering a sustainable and growing level of income, the investment objective of the Fund, which is contained in the Company's prospectus, will be changed from:

#### **"Investment Objective**

The Fund aims to provide income and capital growth in excess of USD 3 month LIBOR +4% per annum (gross of fees) over a market cycle by investing in a diversified range of assets and markets worldwide. The Fund aims to provide a volatility (a measure of how much the Fund's returns vary over a year) of 6-12% per annum."

to:

#### **"Investment Objective**

The Fund aims to provide income and capital growth over a market cycle by investing in a diversified range of assets and markets worldwide. The Fund aims to provide a volatility (a measure of how much the Fund's returns vary over a year) of 6-12% per annum."

### **Investment Policy Change**

The investment policy will also change in order to clarify that investments in sub-investment grade securities are limited to 50% of the Fund's assets and investments in asset-backed securities and mortgage-backed securities are limited to 10% of the Fund's assets.

The investment policy of the Fund will change from:

### **"Investment Policy**

The Fund invests at least two-thirds of its assets directly or indirectly through derivatives in equity and equity-related securities, fixed income securities and Alternative Asset Classes. As the Fund is index-unconstrained it is managed without reference to an index.

Fixed income securities include fixed or floating rate securities such as government bonds, corporate bonds, emerging market debt, convertible bonds and inflation linked bonds. The Fund may invest in sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).

The exposure to Alternative Asset Classes is taken through eligible assets as described in Appendix III of this Prospectus.

The Fund may use derivatives (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. Where the Fund uses total return swaps and contracts for difference, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used to gain long and short exposure on equity and equity related securities, fixed and floating rate securities and commodity indices. The gross exposure of total return swaps and contracts for difference will not exceed 30% and is expected to remain within the range of 0% to 20% of the Net Asset Value. In certain circumstances this proportion may be higher.

The Fund may (exceptionally) hold up to 100% of its assets in cash and money market instruments. The Fund may invest up to 10% of its assets in open-ended Investment Funds."

To

### **"Investment Policy**

The Fund invests at least two-thirds of its assets directly or indirectly through derivatives in equity and equity-related securities, fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide in various currencies and Alternative Asset Classes. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest:

- up to 50% in sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies).
- up to 10% of its assets in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies). Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.

The exposure to Alternative Asset Classes is taken through eligible assets as described in Appendix III of this Prospectus.

The Fund may use derivatives (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. Where the Fund uses total return swaps and contracts for difference, the underlying consists of instruments in which the Fund may invest according to its Investment Objective and Investment Policy. In particular, total return swaps and contracts for difference may be used to gain long and short exposure on equity and equity related securities, fixed and floating rate securities and commodity indices. The gross

exposure of total return swaps and contracts for difference will not exceed 30% and is expected to remain within the range of 0% to 20% of the Net Asset Value. In certain circumstances this proportion may be higher.

The Fund may (exceptionally) hold up to 100% of its assets in cash and money market instruments. The Fund may invest up to 10% of its assets in open-ended Investment Funds.”

### **Profile of the Typical Investor**

In light of these changes, the profile of the typical investor, which is contained in the Company's prospectus, is being changed from:

“The Fund is a medium risk vehicle that will be suitable for Investors who are seeking long term growth potential through investment in a diversified portfolio offering exposure to a range of asset classes.”

to:

“The Fund is a medium risk vehicle that will be suitable for investors who are seeking long term growth potential and income through investment in a diversified portfolio offering exposure to a range of asset classes.”

All other key features of the Fund and its risk profile will remain the same. The ISIN codes of the share classes affected by the above changes are listed in the appendix of this letter.

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 5 July 2018. Schroder Investment Management (Luxembourg) S.A. 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 Schrodgers in Luxembourg before the deal cut-off on 5 July 2018.

If you have any questions or would like more information about Schrodgers' products please contact your local Schrodgers office, your usual professional adviser, or Schroder Investment Management (Luxembourg) S.A. on (+352) 341 342 212.

Yours faithfully,



**Cord Rodewald**  
Authorised Signatory



**Alastair Woodward**  
Authorised Signatory

**Appendix**

ISIN codes of share classes affected by the changes

<b>Share class</b>	<b>Share class currency</b>	<b>ISIN code</b>
A Accumulation	USD	LU1195516338
A Distribution	USD	LU1326303135
A1 Accumulation	USD	LU0776416371
B Accumulation	USD	LU1236687239
B Distribution	USD	LU1236687403
C Accumulation	USD	LU0776416538
A Accumulation	EUR Hedged	LU1062721409
A Distribution	EUR Hedged	LU1732477531
A1 Accumulation	EUR Hedged	LU1062721581
B Accumulation	EUR Hedged	LU1476608713
B Distribution	EUR Hedged	LU1751207934
C Accumulation	EUR Hedged	LU1062721664
C Distribution	EUR Hedged	LU1751208072
I Accumulation	EUR Hedged	LU1195516411
A Distribution	AUD Hedged	LU1326303309
A Distribution	RMB Hedged	LU1326303481
A Distribution	SGD Hedged	LU1326303218