

**Schroder International Selection Fund**  
Société d'Investissement à Capital Variable  
5, rue Höhenhof, L-1736 Senningerberg  
Grand Duchy of Luxembourg

Tel: +352 341 342 202  
Fax: +352 341 342 342

**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.**

**10 October 2022**

Dear Shareholder,

## **Schroder International Selection Fund (the "Company") - Change in delegation arrangement and other updates**

### **Change in delegation arrangement**

We are writing to inform you of a change in delegation arrangement of the funds of the Company which are authorised by the Securities and Futures Commission of Hong Kong (the "**SFC**")<sup>1</sup>, as set out in Appendix 2 (each an "**SISF SFC-Authorised Fund**").

As disclosed in the Prospectus of the Company, each investment manager may appoint one or more other Schroders group companies, at its own expense and responsibility, to manage all or part of the assets of a fund or to provide recommendations or advice on any part of the investment portfolio (each a "**Sub-Investment Manager**"). Any Sub-Investment Manager appointed by an investment manager may, in turn, appoint another Schroders group entity (each a "**Sub-Delegate**") to manage all or part of a fund's assets, subject to the prior written consent of the investment manager.

Currently, as disclosed in the Hong Kong offering documents of the Company, the investment managers of certain funds of the Company (each a "**Relevant Fund**"), at their own expense and responsibility, have allocated the investment management of certain proportion of the assets of the Relevant Funds to the Sub-Investment Managers. Details of the current arrangement of the Relevant Funds are set out in Appendix 1.

With effect from 11 November 2022, each investment manager may delegate discretionary investment management of the SISF SFC-Authorised Funds to one or more of the Sub-Investment Manager(s) as listed below. Each Sub-Investment Manager(s) may in turn, appoint one or more

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<sup>1</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Sub-Delegate(s) as listed below to manage all or part of the assets of the SISF SFC-Authorised Funds. As a global asset management group, the proposed arrangement will enable Schroders to leverage on the expertise of the different investment management entities and utilise investment management resources within the Schroders group more efficiently.

The management company, investment manager, Sub-Investment Managers and Sub-Delegates are all companies within Schroders group. The list of the Sub-Investment Managers and the Sub-Delegates (the “**List**”) is as follows:

<b>Sub-Investment Managers / Sub-Delegates</b>
Schroder Investment Management (Hong Kong) Limited
Schroder Investment Management (Singapore) Ltd
Schroder Investment Management North America Inc.
Schroder Investment Management Limited
Schroder Investment Management Australia Limited
Schroder Investment Management (Japan) Limited
Schroder Investment Management (Europe) S.A. – German Branch

Notwithstanding the proposed arrangement described above, it is not the current intention that Schroder Investment Management (Japan) Limited will appoint Schroder Investment Management (Singapore) Ltd to manage all or part of the assets of any SISF SFC-Authorised Fund, and vice versa.

Under the proposed arrangement, the entities set out in the List above may be appointed or removed as the Sub-Investment Manager(s) or Sub-Delegate(s) of one or more of the SISF SFC-Authorised Funds from time to time without any further notice to Shareholders. The List will be disclosed in the Company's Hong Kong offering document and any change to the List will be updated as soon as reasonably practicable. The list of the latest Sub-Investment Manager(s) and Sub-Delegate(s) of the SISF SFC-Authorised Funds will no longer be disclosed in the Hong Kong offering documents, but will be provided to Shareholders on request and shall be further disclosed in the Company's periodic reports, i.e. the audited annual reports and unaudited half-yearly reports of the Company.

Any addition or removal of entities to or from the List shall be subject to all applicable legal and regulatory requirements and the prior approval of the SFC. Shareholders will be given one month's prior notice in the case of any such addition of entities to the List and will be notified as soon as reasonably practicable in the case of any removal of the entities from the List.

Save as disclosed above, all other key features of the SISF SFC-Authorised Funds will remain the same and there will be no change to the risks applicable to the SISF SFC-Authorised Funds. There will be no change to the current fees and expenses payable to or borne by the SISF SFC-Authorised Funds or Shareholders. Save as disclosed above, there will be no change to the operation and/or manner in which the SISF SFC-Authorised Funds are being managed as a result of the proposed arrangement. The proposed arrangement will not have any material effect on Shareholders of

the SISF SFC-Authorised Funds. The proposed change is not expected to materially prejudice the rights or interests of existing investors.

Upon the proposed arrangement takes effect, the management company of the Company shall continue to have ongoing oversight and regular monitoring of the competence of its delegates to ensure that its accountability to Shareholders is not diminished. Although the investment management function of the management company may be delegated to the investment manager(s), Sub-Investment Manager(s), and/or Sub-Delegate(s), the management company's responsibilities and obligations will not be delegated.

### **Costs and expenses in respect of the change in delegation arrangement**

Any costs and expenses incurred in the proposed change including legal, audit and regulatory charges, will be borne by the Company. Such costs and expenses are expected to be insignificant and is estimated to be approximately less than 0.01% of the net asset value of the Company.

### **Options available to investors**

We hope that you will choose to remain invested in the SISF SFC-Authorised Funds following the change in the delegation arrangement as set out above, but if you do wish to redeem your holding in the SISF SFC-Authorised Funds before the change becomes effective, you may do so at any time up to and including the dealing cut-off at 5:00 p.m. Hong Kong time on **10 November 2022**. Please ensure that your redemption instruction reaches the Hong Kong Representative before this deadline. We will execute your redemption instructions in accordance with the provisions of the Company's Hong Kong offering documents, 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 dealing cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach the Hong Kong Representative before the dealing cut-off at 5:00 p.m. Hong Kong time on **10 November 2022**.

### **Other miscellaneous updates**

Currently, various SISF SFC-Authorised Funds as set out in Appendix 3 do not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the SISF SFC-Authorised Fund's webpage (<https://www.schroders.com/en/hk/retail-investors/funds/fund-centre/><sup>2</sup>). From the date of this notice, the above information would be published on [www.schroders.com/en/lu/private-investor/gfc](https://www.schroders.com/en/lu/private-investor/gfc)<sup>3</sup>.

### **Updates to Hong Kong offering documents**

The Hong Kong offering documents of the Company will be revised to reflect the above changes / updates and will be available free of charge at [www.schroders.com.hk](https://www.schroders.com.hk)<sup>4</sup> or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited.

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

<sup>3</sup> This website has not been reviewed by the SFC.

<sup>4</sup> This website has not been reviewed by the SFC.

## **Enquiries**

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**

## Appendix 1

<b>Relevant Fund</b>	<b>Investment Manager</b>	<b>Sub-Investment Manager(s)</b>
Emerging Markets Multi-Asset	Schroder Investment Management Limited	Schroder Investment Management (Hong Kong) Limited
		Schroder Investment Management (Singapore) Ltd
EURO Bond	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
		Schroder Investment Management (Singapore) Ltd
EURO Corporate Bond	Schroder Investment Management (Europe) S.A. – German Branch	Schroder Investment Management Limited
Global Bond	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
		Schroder Investment Management (Singapore) Ltd
Global Corporate Bond	Schroder Investment Management North America Inc.	Schroder Investment Management Limited
		Schroder Investment Management (Hong Kong) Limited
Global Credit Income	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
		Schroder Investment Management (Hong Kong) Limited
Global High Yield	Schroder Investment Management North America Inc.	Schroder Investment Management Limited
		Schroder Investment Management (Hong Kong) Limited

Global Inflation Linked Bond	Schroder Investment Management Limited	Schroder Investment Management (Singapore) Ltd
Global Multi-Asset Income	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
		Schroder Investment Management (Singapore) Ltd
Global Smaller Companies	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
Global Target Return	Schroder Investment Management Australia Limited	Schroder Investment Management Limited
		Schroder Investment Management North America Inc.
Multi-Asset Growth and Income	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
Strategic Bond	Schroder Investment Management Limited	Schroder Investment Management North America Inc.
		Schroder Investment Management (Singapore) Ltd
Sustainable Multi-Asset Income	Schroder Investment Management Limited	Schroder Investment Management North America Inc.

## Appendix 2

### SISF SFC-Authorised Funds

1. All China Equity
2. Asian Bond Total Return
3. Asian Dividend Maximiser
4. Asian Equity Yield
5. Asian Local Currency Bond
6. Asian Opportunities
7. Asian Smaller Companies
8. Asian Total Return
9. BRIC (Brazil, Russia, India, China)
10. China Opportunities
11. Emerging Asia
12. Emerging Europe
13. Emerging Markets
14. Emerging Markets Debt Absolute Return
15. Emerging Markets Multi-Asset
16. EURO Bond
17. EURO Corporate Bond
18. EURO Equity
19. EURO Government Bond
20. EURO Liquidity
21. EURO Short Term Bond
22. European Dividend Maximiser
23. European Large Cap
24. European Smaller Companies
25. European Sustainable Equity
26. European Value
27. Frontier Markets Equity
28. Global Bond
29. Global Cities
30. Global Climate Change Equity
31. Global Corporate Bond
32. Global Credit Income
33. Global Dividend Maximiser
34. Global Emerging Market Opportunities
35. Global Energy
36. Global Equity
37. Global Equity Alpha
38. Global Equity Yield
39. Global Gold
40. Global High Yield
41. Global Inflation Linked Bond
42. Global Multi-Asset Income
43. Global Smaller Companies
44. Global Sustainable Food and Water
45. Global Sustainable Growth
46. Global Target Return
47. Greater China

48. Healthcare Innovation
49. Hong Kong Dollar Bond
50. Hong Kong Equity
51. Indian Equity
52. Japanese Equity
53. Japanese Opportunities
54. Japanese Smaller Companies
55. Latin American
56. Multi-Asset Growth and Income
57. QEP Global Active Value
58. QEP Global Quality
59. Strategic Bond
60. Sustainable Asian Equity
61. Sustainable Multi-Asset Income
62. Taiwanese Equity
63. UK Equity
64. US Dollar Bond
65. US Dollar Liquidity
66. US Large Cap
67. US Small & Mid Cap Equity
68. US Smaller Companies Impact



### Appendix 3

1. Asian Dividend Maximiser
2. Asian Equity Yield
3. Asian Local Currency Bond
4. Asian Opportunities
5. Asian Smaller Companies
6. Asian Total Return
7. BRIC (Brazil, Russia, India, China)
8. China Opportunities
9. Emerging Markets
10. Emerging Markets Debt Absolute Return
11. Emerging Markets Multi-Asset
12. EURO Bond
13. EURO Corporate Bond
14. European Dividend Maximiser
15. EURO Equity
16. EURO Government Bond
17. European Large Cap
18. EURO Short Term Bond
19. European Smaller Companies
20. Global Bond
21. Global Corporate Bond
22. Global Credit Income
23. Global Emerging Market Opportunities
24. Global Equity
25. Global High Yield
26. Global Inflation Linked Bond
27. Global Multi-Asset Income
28. Global Smaller Companies
29. Global Target Return
30. Japanese Equity
31. Japanese Opportunities
32. Japanese Smaller Companies
33. Multi-Asset Growth and Income
34. QEP Global Quality
35. UK Equity
36. US Dollar Bond
37. US Small & Mid Cap Equity

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**12 July 2022**

Dear Shareholder,

## **Schroder International Selection Fund (the “Company”) – US Smaller Companies (the “Fund”)**

We are writing to inform you that on 16 August 2022 (the “Effective Date”) the Fund will change its strategy to be focused on sustainable investments by adopting best-in-class/ positive screening strategy. The Fund’s name, objective and policy will be amended to reflect this and the Fund will invest at least 75% of its assets in sustainable investments. This is so that it will be in line with Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial sector (“SFDR”) (collectively, the “Changes”). Following the Changes, the Fund will be an environmental, social and governance (“ESG”) fund in Hong Kong.

### **Background and Rationale**

From the Effective Date the Fund will change its strategy to focus on making investments that the investment manager expects to contribute towards the advancement of an environmental or social objective linked to one or more of the United Nations Sustainable Development Goals (the “UN SDGs”), and to deliver returns to shareholders over the long term. The Fund will do this by identifying companies whose businesses have a positive impact on society either directly or indirectly. This will be measured by aligning company revenues to one or more of the UN SDGs.

The investment manager believes that the change to hold fewer than 50 companies by the Fund is an important part of the investment process to enable the Fund to focus on its investment strategy as a larger portfolio will make the engagement with companies on their ESG strategy logistically difficult.

The following changes will be made to the Fund to reflect this:

### **Name Change**

From the Effective Date the Fund's name will change to Schroder International Selection Fund – US Smaller Companies Impact, and the Chinese name of the Fund will change from “美國小型公司” to “美國小型公司影響力”.

### **Investment Objective and Policy Change**

From the Effective Date, the following changes will be made to the investment objective and policy of the Fund:

- the investment objective and policy of the Fund, which are contained in the Company's Hong Kong offering documents (comprising the prospectus, Hong Kong Covering Document and Product Key Facts Statement of the Fund) (“Hong Kong Offering Documents”), will change to be focused on sustainable investments by adopting the best-in-class / positive screening strategy; this will include an updated disclosure to reflect that going forward the Fund is expected to hold fewer than 50 companies;
- the Fund's sustainability criteria as set out in the Company's Hong Kong Offering Documents will be amended to explain the Fund's new best-in-class / positive screening approach; and
- the Fund will have the objective of sustainable investment within the meaning of Article 9 of the SFDR.

Following the Changes, the Fund will be subject to additional risks relating to sustainable investment approach, and there will be changes to the Fund's sustainability risk disclosure as set out in the “Risk Considerations” section of the Fund's details in the Company's prospectus,

Full details of the changes to the investment objective and policy and the risks of the Fund can be seen in the Appendix to this letter.

### **Implication of the Changes**

Apart from the Changes disclosed above, (i) all other key features of the Fund (including the fees chargeable in respect of the Fund as stated in the Hong Kong offering documents) will remain the same; (ii) there will be no changes to the risks applicable to the Fund as a result of the Changes other than the additional risks relating to sustainable investment approach and an increased concentration risk as a result of its concentrated portfolio in a limited number of companies, and (iii) there will also be no material change in the operation and/or manner in which the Fund is being managed as a result of the Changes. The Changes are not expected to materially prejudice the rights or interests of existing investors.

The Hong Kong offering documents of the Company will be revised to reflect the above changes and will be available free of charge at [www.schroders.com.hk](http://www.schroders.com.hk)<sup>1</sup> or upon request from the Hong Kong Representative of the Company, Schroder Investment Management (Hong Kong) Limited.

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

### **Costs and expenses in respect of the Changes**

Any costs and expenses incurred in the Changes including legal, audit and regulatory charges, which are estimated to be approximately less than 0.01% of the net asset value of the Fund, will be borne by the Fund. Such costs and expenses are expected to be insignificant. Market-related transaction costs that may be incurred in the Changes is not expected to be significant and is estimated to be approximately 0.04% - 0.07% of the net asset value of the Fund as of 5 May 2022, and will be borne by the Fund. Please note that the actual transaction costs may vary subject to market conditions.

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

We hope that you will choose to remain invested in the Fund following the Changes, but if you do wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds authorized by the Securities and Futures Commission ("SFC")<sup>2</sup> before the Effective Date, you may do so at any time up to and including the dealing cut-off at 5:00 p.m. Hong Kong time on **15 August 2022**. Please ensure that your redemption or switch instruction reaches the Hong Kong Representative before this deadline. We will execute your redemption or switch instructions in accordance with the provisions of the Company's Hong Kong offering documents, 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 dealing cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach the Hong Kong Representative before the dealing cut-off at 5:00 p.m. Hong Kong time on **15 August 2022**.

### **Enquiries**

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

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<sup>2</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

## Appendix

New wording is shown as underlined text

Current Fund disclosures	Revised Fund disclosures
<p><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the Russell 2000 Lagged (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of small-sized US companies.</p> <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of small-sized US companies. These are companies which, at the time of purchase, are considered to be in the bottom 30% by market capitalisation of the US equities market.</p> <p>The Fund invests in a broad range of smaller companies in the US in the belief that they will offer better growth prospects than their larger peers over the medium to long term. The investment approach focuses on three types of companies: companies that the Investment Manager believes demonstrate strong growth trends and improving levels of cash; companies that the Investment Manager believes generate dependable earnings and revenues; and companies that the Investment Manager believes are undergoing positive change that is not being recognised by the market. By doing so, the Investment Manager believes that it can reduce overall risk and improve returns for investors over the medium to long term.</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><b>Investment Objective</b></p> <p>The Fund aims to provide capital growth in excess of the Russell 2000 Lagged (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of small-sized US companies <u>which help to advance the UN SDGs and which the Investment Manager deems to be sustainable investments.</u></p> <p><b>Investment Policy</b></p> <p>The Fund is actively managed and invests <u>at least 75% of its assets in sustainable investments, which are investments that the Investment Manager expects to contribute towards the advancement of an environmental or social objective linked to one or more of the UN SDGs, and to deliver returns to shareholders over the long term. 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. This means that the extent to which companies deliver a direct or indirect positive impact to society in order to advance the UN SDGs together with the impact that these actions could have on a company's value are considered in the assessment of companies. Please see the Fund Characteristics section for more details.</u></p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed</p>

<p>The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently.</p> <p>The Fund maintains a higher overall sustainability score than the S&amp;P Small Cap 600 Lagged (Net TR) Index, based on the Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</p> <p>The Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the Fund's webpage, accessed via <a href="http://www.schroders.com/en/lu/private-investor/gfc">www.schroders.com/en/lu/private-investor/gfc</a><sup>3</sup>.</p> <p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the Russell 2000 Lagged (Net TR) index and compared against the Morningstar US Small-Cap Equity Category and the S&amp;P Small Cap 600 Lagged (Net TR) index. The Fund's investment universe is expected to overlap materially with the components of the target benchmark and the S&amp;P Small Cap 600 (Net TR) Lagged 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 S&amp;P Small Cap 600 Lagged (Net TR) index. The Investment Manager will invest in companies or sectors not included in the target benchmark or the S&amp;P Small Cap 600 Lagged (Net TR) index in order to take</p>	<p>via <a href="http://www.schroders.com/en/lu/private-investor/gfc">www.schroders.com/en/lu/private-investor/gfc</a><sup>4</sup>.</p> <p><u>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).</u></p> <p><u>The Fund may invest in companies that the Investment Manager believes will improve their sustainability practices within a reasonable timeframe, typically up to two years.</u></p> <p><u>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 <a href="https://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability">https://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability</a><sup>5</sup>.</u></p> <p><u>The Fund invests at least two-thirds of its assets in a concentrated range of equity and equity related securities of small-sized US companies. These are companies which, at the time of purchase, are considered to be in the bottom 30% by market capitalisation of the US equities market. The Fund typically holds fewer than 50 companies.</u></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><del>The Fund maintains a higher overall sustainability score than the S&amp;P Small Cap 600</del></p>
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<sup>3</sup> For Hong Kong investors, please refer to the following website: <https://www.schroders.com/en/hk/retail-investors/funds/fund-centre> (this website has not been reviewed by the SFC).

<sup>4</sup> For Hong Kong investors, please refer to the following website: <https://www.schroders.com/en/hk/retail-investors/funds/fund-centre> (this website has not been reviewed by the SFC).

<sup>5</sup> For Hong Kong investors, please refer to the following website: <https://www.schroders.com/en/hk/retail-investors/sustainability/making-an-impact-through-sustainability> (this website has not been reviewed by the SFC).

<p>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 benchmarks have been selected because the Investment Manager believes that each benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> <p><b>Fund Characteristics:</b></p> <p><b>Sustainability Criteria</b></p> <p>The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.</p> <p>Companies in the investment universe are assessed on their governance, environmental and social profile, across a range of factors.</p> <p>The Investment Manager performs its own due diligence on potential holdings including, where possible, meetings with senior management. The Investment Manager analyses information provided by the companies, including information provided in company sustainability reports and other relevant company material. The Investment Manager will also scrutinise other disclosures, including third party reports, and will typically engage with the company during the assessment process and afterwards if the company is selected for the portfolio.</p> <p>This assessment is supported by quantitative analysis from Schroders'</p>	<p><del>Lagged (Net TR) Index, based on the Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section.</del></p> <p><del>The Fund invests in a broad range of smaller companies in the US in the belief that they will offer better growth prospects than their larger peers over the medium to long term. The investment approach focuses on three types of companies: companies that the Investment Manager believes demonstrate strong growth trends and improving levels of cash; companies that the Investment Manager believes generate dependable earnings and revenues; and companies that the Investment Manager believes are undergoing positive change that is not being recognised by the market. By doing so, the Investment Manager believes that it can reduce overall risk and improve returns for investors over the medium to long term.</del></p> <p><b>Benchmark</b></p> <p>The Fund's performance should be assessed against its target benchmark being to exceed the Russell 2000 Lagged (Net TR) index and compared against the Morningstar US Small-Cap Equity Category and the S&amp;P Small Cap 600 Lagged (Net TR) index. The Fund's investment universe is expected to overlap materially with the components of the target benchmark and the S&amp;P Small Cap 600 (Net TR) Lagged index. The comparator benchmarks are only included for performance comparison purposes and do not <del>have any bearing on</del> <u>determine</u> 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 S&amp;P Small Cap 600 Lagged (Net TR) index. The Investment Manager will invest in companies or sectors not included in the target benchmark or the S&amp;P Small Cap 600 Lagged (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</p>
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<p>proprietary sustainability tools. Through such tools, analysts are able to compare companies based on the metrics selected, their own company assessment scores or adjusted rankings (size, sector or region), with the flexibility to make company specific adjustments to reflect their detailed knowledge.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <a href="http://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures">www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures</a><sup>4</sup>.</p> <p>The Investment Manager ensures that at least:</p> <ul style="list-style-type: none"> <li>- 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and</li> <li>- 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries,</li> </ul> <p>held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.</p> <p><b>Sustainability risk factor</b></p> <p>The Fund has environmental and/or social characteristics (within the meaning of Article 8 SFDR). A Fund with these characteristics may have limited exposure</p>	<p>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 benchmarks have been selected because the Investment Manager believes that each benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.</p> <p>The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the Fund.</p> <p><b>Fund Characteristics:</b></p> <p><b>Sustainability Criteria</b></p> <p><u>The Investment Manager applies sustainability criteria when selecting investments for the Fund. Investments are composed of companies that have been determined as meeting the Investment Manager's impact criteria i.e. companies whose products and services solve one of the UN SDG gaps or that operate in a mainstream industry that indirectly solves one of the UN SDG gaps.</u></p> <p><u>In order to identify companies with a direct link to a UN SDG, the Investment Manager uses a proprietary screening tool to map company revenue to UN SDGs. The tool splits revenue into numerous different categories linked to UN SDGs. While the Investment Manager uses the tool to assess individual companies, it also enables the Investment Manager to measure the overall revenue link to UN SDGs on a consolidated portfolio level. The Investment Manager has identified three types of companies that will make up the portfolio.</u></p> <p><u>The first type are highly innovative companies whose business model solves a direct need within the UN SDGs. These are growth companies whose solution to a UN SDG gap can be scaled.</u></p> <p><u>The second type are companies that are already generating revenues that have an impact (i.e. contribution to some or all of the UN SDGs), but do not articulate or highlight that impact. These are companies the Investment Manager can</u></p>
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<p>to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As Investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.</p>	<p><u>identify due to its deep understanding of the US Small Cap universe where it sees a re-rating opportunity. By identifying these companies, the companies can better articulate and become more transparent about their impact opportunity. This is expected to be the largest group in the Fund's portfolio.</u></p> <p><u>The third type will tend to have the lowest level of revenue link to UN SDGs. These are companies who require a business model transition in order for its business to survive. These are companies the Investment Manager believes have the ability and desire to transition and where it sees the ability to help guide such companies on that journey. Each investment must have some revenue linking to a UN SDG. Based on where the investment falls within the three types the level of linked revenue will vary.</u></p> <p><u>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.</u></p> <p><u>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 small-sized US companies or companies which derive a significant proportion of their revenues or profits from small-sized US companies.</u></p> <p><del>The Investment Manager applies governance and sustainability criteria when selecting investments for the Fund.</del></p> <p><del>Companies in the investment universe are assessed on their governance, environmental and social profile, across a range of factors.</del></p> <p><del>The Investment Manager performs its own due diligence on potential holdings including, where</del></p>
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	<p>possible, meetings with senior management. The Investment Manager analyses information provided by the companies, including information provided in company sustainability reports and other relevant company material. The Investment Manager will also scrutinise other disclosures, including third party reports, and will typically engage with the company during the assessment process and afterwards if the company is selected for the portfolio.</p> <p>This assessment is supported by quantitative analysis from Schroders' proprietary sustainability tools. Through such tools, analysts are able to compare companies based on the metrics selected, their own company assessment scores or adjusted rankings (size, sector or region), with the flexibility to make company specific adjustments to reflect their detailed knowledge.</p> <p>More details on the Investment Manager's approach to sustainability and its engagement with companies are available on the website <a href="http://www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures">www.schroders.com/en/lu/private-investor/strategic-capabilities/sustainability/disclosures</a>.</p> <p>The Investment Manager ensures that at least:</p> <ul style="list-style-type: none"> <li>— 90% of equities issued by large companies domiciled in developed countries; fixed or floating rate securities and money market instruments with an investment grade credit rating; and sovereign debt issued by developed countries; and</li> <li>— 75% of equities issued by large companies domiciled in emerging countries; equities issued by small and medium companies; fixed or floating rate securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging countries;</li> </ul> <p>held in the Fund's portfolio are rated against the sustainability criteria. For the purposes of this test, small companies are those with market capitalisation below €5 billion, medium companies are those between €5 billion and €10</p>
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	<p>billion and large companies are those above €10 billion.</p> <p><b>Sustainability risk factor</b></p> <p>The Fund has the objective of sustainable investment <del>environmental and/or social characteristics</del> (within the meaning of Article 8 9 SFDR). A Fund with <u>this objective</u> <del>these characteristics</del> may have limited exposure to some companies, industries or sectors as a result and the Fund may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the Investment Manager. As Investors may differ in their views of what constitutes sustainable investing, the Fund may also invest in companies that do not reflect the beliefs and values of any particular Investor. Please refer to Appendix II for more details on sustainability risks.</p> <p><b><u>Risks relating to sustainable investment approach</u></b></p> <ul style="list-style-type: none"> <li>• <b><u>Concentration risk:</u></b> The Fund follows a <u>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 value of the Fund will be more volatile than that of a fund having a more diverse portfolio of investments.</u></li> <li>• <b><u>Subjective judgment in investment selection:</u></b> <u>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</u></li> </ul>
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	<p><u>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.</u></p> <ul style="list-style-type: none"> <li>• <b>Exclusion risk:</b> <u>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.</u></li> <li>• <b>Reliance on corporate data or third-party information:</b> <u>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. Such information or data may be incomplete, inaccurate or inconsistent. 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.</u></li> <li>• <b>Change in nature of investments:</b> <u>The securities held by the Fund may be subject to style drift which no longer meet the Fund's sustainability 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.</u></li> </ul> <p><b>Portfolio Concentration Risk</b></p> <p>Although the strategy of the Fund of investing in a limited number of assets has the potential to generate attractive returns over time, the Fund which invests in a concentrated portfolio of securities may tend to be more volatile than</p>
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	<p>a fund which invests in a more broadly diversified range of securities. If the assets in which the Fund invests perform poorly, the Fund could incur greater losses than if it had invested in a larger number of assets.</p>
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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.**

**21 December 2021**

Dear Shareholder,

## **Schroder International Selection Fund (the "Company") – Change of depositary and administrator**

We are writing to inform you of a change of depositary and administrator of the Company and its sub-funds including those which are authorised by the Securities and Futures Commission ("**SFC**")<sup>1</sup> as set out in the Appendix A to this letter ("**Funds**").

### **Internal Restructuring of the Depositary and Administrator of the Company and the Funds**

Currently, J.P. Morgan Bank Luxembourg S.A. ("**JPMBL**") is the Depositary and Administrator of the Company and the Funds. JPMBL and its affiliates are collectively referred to as "JPMorgan" in this letter.

As part of an internal restructuring with the aim to streamline JPMorgan's banking entity structure across Europe, three banking entities in the JPMorgan group domiciled respectively in Germany, Luxembourg and Ireland and their branches across the region will be merged into a single European bank ("**Merger**"). The Merger requires the approval by the sole shareholder of the merging entities (i.e. J.P. Morgan International Finance Limited), which has been obtained in the end of November 2021. The date when the Merger takes legal effect will be the date on which the local court of Frankfurt registers the Merger in the commercial register (the "**Effective Date**"), which is expected to be on or around 22 January 2022.

JPMBL will be one of the impacted legal entities of the Merger. In particular, the Merger will involve JPMBL merging into J.P. Morgan AG, which in turn will simultaneously change its legal form from a German Stock Corporation (*Aktiengesellschaft*) to a European company (*Societas Europaea*) known as J.P. Morgan Societas Europaea ("**JPMSE**") organised under the laws of Germany with registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and registered with the commercial register of the local court of Frankfurt under number HRB 16861. It will be a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority

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<sup>1</sup> SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

(*Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin) and Deutsche Bundesbank, the German Central Bank. All of JPMBL's assets and liabilities will be transferred to the Luxembourg Branch of JPMSE, which will operate as J.P. Morgan SE – Luxembourg Branch ("**JPMSE Luxembourg**").

We will notify you separately if there is any change in the Effective Date or any other material changes to the Merger.

The Commission de Surveillance du Secteur Financier ("**CSSF**") is the financial regulator in Luxembourg where the Company is domiciled and has been notified of the Merger. JPMSE Luxembourg is authorised by the CSSF to act as a depositary and fund administrator for Luxembourg undertakings for collective investment. The CSSF has confirmed no objection to JPMSE Luxembourg assuming the role of Depositary and Administrator of the Company and the Funds. JPMSE Luxembourg will be registered in the Luxembourg Trade and Companies' Register (RCS) under number B255938 and will be subject to the supervision of the home State supervisory authorities mentioned above, as well as local supervision by the CSSF.

On the Effective Date and in accordance with Luxembourg laws, JPMBL will cease to exist and the depositary and administration functions of JPMBL will transfer from JPMBL to JPMSE Luxembourg, and JPMSE Luxembourg will succeed JPMBL as the Depositary and Administrator of the Company and the Funds. JPMSE Luxembourg will assume all rights and obligations that JPMBL currently has under its existing agreements with the Company and accordingly the rights and obligations of the Company and the Funds with respect to the Depositary and Administrator will not be impacted. The business operations of JPMBL will be carried on without interruption by a locally fully passported, Luxembourg based branch of JPMSE (i.e. JPMSE Luxembourg) and the duties and obligations of JPMBL as stated in the Hong Kong offering documents and/or the constitutive documents of the Company and the Funds will be taken up by JPMSE Luxembourg as of the Effective Date. There will be no changes to the scope of services provided to the Company and the Funds, and no change in the level of fees payable by the Company and the Funds to the Depositary and Administrator. The address and contact details of the Depositary and Administrator will remain the same, and the personnel, functions and internal control measures of JPMSE Luxembourg will be substantially the same as those of JPMBL currently.

Save as disclosed above, there will be no other change in the operation or manner in which the Company and the Funds are being managed. There will be no impact on the features and risks applicable to the Company and the Funds. There will be no change to the fee level / cost in managing the Company and the Funds. The changes will not materially prejudice the shareholders' rights or interests. All costs (including the legal and other administrative costs) associated with the changes to the Company and the Funds above will be borne by Schroder Investment Management (Europe) S.A., the Company's management company.

The Hong Kong offering documents of the Company and the Funds will be revised to reflect the above change and will be available free of charge at [www.schroders.com.hk](http://www.schroders.com.hk)<sup>2</sup> or upon request from the Hong Kong Representative of the Company and the Funds, Schroder Investment Management (Hong Kong) Limited.

### **Options available to investors**

We hope that you will choose to remain invested in the Funds following these changes, but if you do wish to redeem your holding in the Funds before the changes become effective, you may do so at any time up

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

to and including the dealing cut-off at 5:00 p.m. Hong Kong time on 21 January 2022. Please ensure that your redemption instruction reaches the Hong Kong Representative before this deadline. We will execute your redemption instructions in accordance with the provisions of the Hong Kong offering documents of the Company and the Funds. Local agents might also have a local dealing cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach the Hong Kong Representative before the dealing cut-off at 5:00 p.m. Hong Kong time on 21 January 2022.

### **Enquiries**

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.

The Board of Directors



## **Appendix A**

1. All China Equity
2. Asian Bond Total Return
3. Asian Dividend Maximiser
4. Asian Equity Yield
5. Asian Local Currency Bond
6. Asian Opportunities
7. Asian Smaller Companies
8. Asian Total Return
9. BRIC (Brazil, Russia, India, China)
10. China Opportunities
11. Emerging Asia
12. Emerging Europe
13. Emerging Markets
14. Emerging Markets Debt Absolute Return
15. Emerging Markets Multi-Asset (formerly known as Emerging Multi-Asset Income)
16. EURO Bond
17. EURO Corporate Bond
18. EURO Equity
19. EURO Government Bond
20. EURO Liquidity
21. EURO Short Term Bond
22. European Dividend Maximiser
23. European Large Cap
24. European Smaller Companies
25. European Value
26. Frontier Markets Equity
27. Global Bond
28. Global Cities
29. Global Climate Change Equity
30. Global Corporate Bond
31. Global Credit Income
32. Global Dividend Maximiser
33. Global Emerging Market Opportunities
34. Global Energy
35. Global Equity Alpha
36. Global Equity
37. Global Equity Yield
38. Global Gold
39. Global High Yield
40. Global Inflation Linked Bond
41. Global Multi-Asset Income
42. Global Smaller Companies
43. Global Sustainable Growth
44. Global Target Return
45. Greater China
46. Hong Kong Dollar Bond
47. Hong Kong Equity
48. Indian Equity
49. Japanese Equity

- 50. Japanese Opportunities
- 51. Japanese Smaller Companies
- 52. Latin American
- 53. Middle East
- 54. Multi-Asset Growth and Income
- 55. QEP Global Active Value
- 56. QEP Global Quality
- 57. Strategic Bond
- 58. Taiwanese Equity
- 59. UK Equity
- 60. US Dollar Bond
- 61. US Dollar Liquidity
- 62. US Large Cap
- 63. US Small & Mid-Cap Equity
- 64. US Smaller Companies

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

April 2022

***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 North America Inc., located in the United States of America, internal delegation			
<b>Depository:</b>	J.P. Morgan Bank Luxembourg S.A.			
<b>Ongoing charges over a year*:</b>	Class A USD Acc	1.83%	Class A1 USD Acc	2.33%
	Class A USD Dis AV	1.83%		
<b>Dealing frequency:</b>	Daily			
<b>Base currency:</b>	USD			
<b>Dividend policy:</b>	<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>			
<b>Financial year end of this fund:</b>	31 December			
<b>Minimum investment:</b>	<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 2021. 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 in excess of the Russell 2000 Lagged (Net TR) index after fees have been deducted over a three to five year period<sup>Note</sup> by investing in equity and equity related securities of small-sized US companies.

### Investment Policy

The fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of small-sized US companies. These are companies which, at the time of purchase, are considered to be in the bottom 30% by market capitalisation of the US equities market.

The fund invests in a broad range of smaller companies in the US in the belief that they will offer better growth prospects than their larger peers over the medium to long term. The investment approach focuses on three types of companies: companies that the investment manager believes demonstrate strong growth trends and improving levels of cash; companies that the investment manager believes generate dependable earnings and revenues; and companies that the investment manager believes are undergoing positive change that is not being recognised by the market. By doing so, the investment manager believes that it can reduce overall risk and improve returns for investors over the medium to long term.

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.

The fund may use derivatives with the aim of achieving investment gains, 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.

The fund maintains a higher overall sustainability score than the S&P Small Cap 600 Lagged (Net TR) index, based on the investment manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section of the Fund Details, as set out in Appendix III of the Prospectus.

The fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability Information" on the fund's webpage, accessed via <https://www.schroders.com/en/hk/retail-investors/funds/fund-centre><sup>1</sup>.

<sup>Note</sup> For clarification purpose, this means to exceed a medium to long term return of the stated index after fees have been deducted. The three to five year period is considered as a medium to long term period, and is the period over which an investor should assess the fund's performance.

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

**Benchmark**

The fund's performance should be assessed against its target benchmark being to exceed the Russell 2000 Lagged (Net TR) index ("Target Benchmark") and compared against the Morningstar US Small-Cap Equity Category and the S&P Small Cap 600 Lagged (Net TR) index ("Comparator Benchmarks"). The fund's investment universe is expected to overlap materially with the components of the Target Benchmark and the S&P Small Cap 600 Lagged (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 S&P Small Cap 600 Lagged (Net TR) index is also used for sustainability score comparison. 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. 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.

**3. 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.

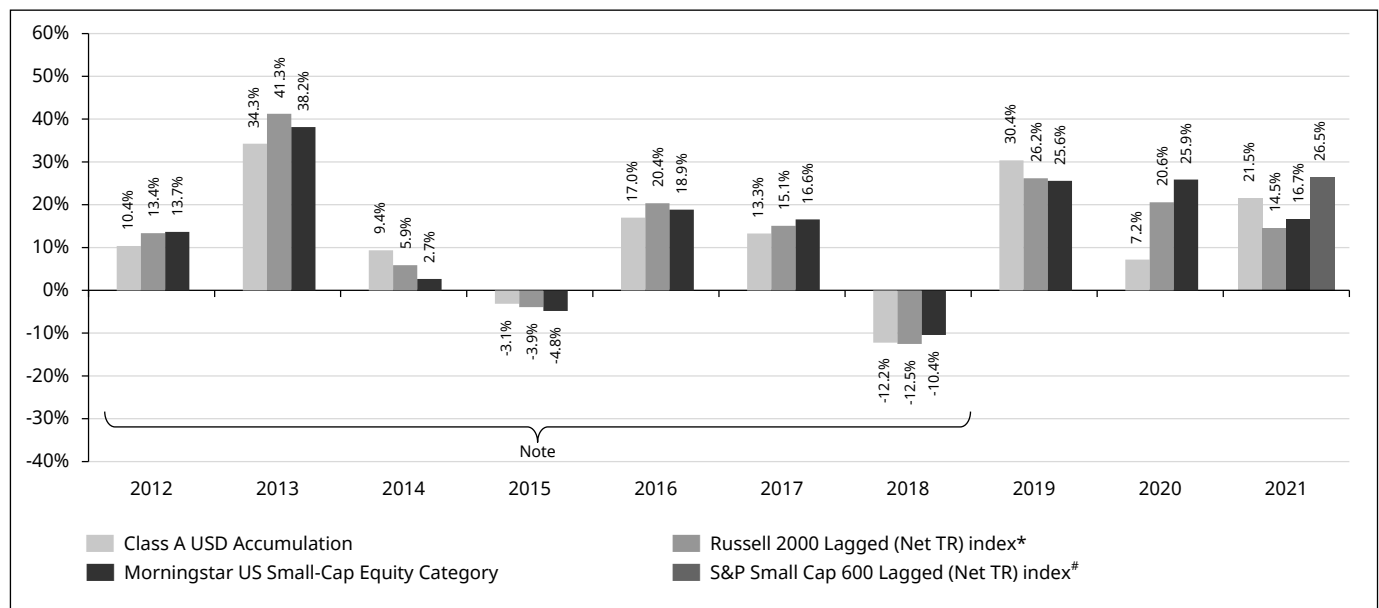
#### 4. Derivatives

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. 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.**

## 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.
- Target Benchmark: Russell 2000 Lagged (Net TR) index\*
- Comparator Benchmarks: Morningstar US Small-Cap Equity Category and S&P Small Cap 600 Lagged (Net TR) index#
- Fund launch date: 1989
- Class A USD Accumulation launch date: 2000
- 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 was material change(s) to the fund, namely, reduction of fee(s).

\* With effect from 1 May 2021, the Target Benchmark of the fund has been changed from Russell 2000 Lagged (Gross TR) index to Russell 2000 Lagged (Net TR) index in order to enhance the accuracy of the Target Benchmark as a performance target for the fund by using a net rather than gross variant.

# With effect from 29 October 2021, a new comparator benchmark, the S&P Small Cap 600 Lagged (Net TR) index, has been added as part of the fund's conversion from SFDR article 6 to article 8.

## 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
<b>Subscription fee (Initial charge)</b>	Up to 5.00% of the total subscription amount	Up to 4.00% of the total subscription amount	Nil
<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.

	Annual rate (as a % of the fund's value)		
Share class*	A	A1	D
<b>Management fee (Annual Management Charge)</b>	1.50%	1.50%	1.50%
<b>Depository 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%	1.00%
<b>Custody safekeeping fee</b>	Up to 0.3%		
<b>Transaction fees (charged by the Depository)</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.

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](http://www.schroders.com.hk)).
- 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).
- 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.