

**Schroder International Selection Fund**  
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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.**

**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

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

June 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 Limited, located in United Kingdom, internal delegation  |        |                               |
| <b>Depositary:</b>                      | J.P. Morgan SE – Luxembourg Branch  |        |                               |
| <b>Ongoing charges over a year:</b>     | Class A USD Acc   | 1.85%* | Class A EUR Hedged Acc 1.88%* |
|   | Class A EUR Dis QV  | 1.85%# |                               |
| <b>Dealing frequency:</b>               | Daily   |        |                               |
| <b>Base currency:</b>                   | USD   |        |                               |
| <b>Dividend policy:</b>                 | <p>A Accumulation share classes – Dividend will not be distributed but will be reinvested into the fund.</p> <p>A Distribution share classes – The board of directors generally has discretion as to whether or not to make any distribution. This distribution frequency and attributes are indicated in the share class designation as follows:</p> <p>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 share classes: Initial – EUR1,000 or USD1,000 (or equivalent);</p> <p>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.

# The ongoing charges figure is estimated (because the share class is recently launched) based on the annualized expenses of a share class with the same fee structure over a 12-month period. The actual ongoing charges figure of the relevant share class may be different from the estimate and may vary from year to year.

## 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 by investing in equity and equity related securities of healthcare and medical related companies worldwide which the investment manager deems to be sustainable investments.

### Investment Policy

The fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies worldwide, which are engaged in healthcare provision, medical services and related products, including in areas such as biotechnology, generics drug manufacture and supply, pharmaceuticals, health insurance and hospital supplies.

The fund invests at least 75% of its assets in sustainable investments, which are investments in companies that contribute towards the advancement of one or more of the United Nations Sustainable Development Goals (UN SDGs) by promoting growth in healthcare provision and medical treatments and improving healthcare standards using an innovation-led approach (please see the “Sustainability Criteria” section below for more details).

The fund does not directly invest in certain activities, industries or groups of issuers which generate revenue above the respective limits as prescribed by the investment manager from time to time, including from thermal coal production, tobacco production and value chain and controversial weapons. The respective limits and exclusion list may be updated from time to time. For further information, please refer to the fund’s webpage<sup>1</sup>.

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 sustainability rating criteria (please see the “Sustainability Criteria” section below for more details).

The fund may invest up to 20% of its assets in companies that the investment manager believes will improve their sustainability practices within a reasonable timeframe, typically up to two years.

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<sup>2</sup>.

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).

The fund is not subject to any limitation on the portion of its net asset value that may be invested in any country (including emerging market countries) or region.

The fund is not subject to any limitation on the market capitalisation of the companies that it may invest in.

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 reducing risk or managing the fund more efficiently.

<sup>1</sup> Accessed via <https://www.schroders.com/en/hk/retail-investors/funds/fund-centre/> (this website has not been reviewed by the SFC).

<sup>2</sup> Accessed via <https://www.schroders.com/en/hk/retail-investors/sustainability/making-an-impact-through-sustainability> (this website has not been reviewed by the SFC).

Sustainability Criteria

The investment manager applies sustainability criteria when selecting investments for the fund.

The investment manager selects companies that are engaged in healthcare provision, medical services and related products, including in areas such as biotechnology, generics drug manufacture and supply, pharmaceuticals, health insurance and hospital supplies. Investment ideas are identified using proprietary fundamental stock analysis and top down assessment of the thematic drivers affecting healthcare demand and provision. The investment manager's analysis seeks to identify companies that are well placed to develop products or services that address both the rising demand for healthcare and the need to ensure that healthcare systems are more efficiently managed to ease rising cost pressures.

The fund will invest primarily in companies where at least 75% of the total revenues of such companies are derived directly from healthcare-related activities. The investment manager may also invest up to 20% of the fund's assets in companies where current revenues fall short of this threshold in situations where, for example, the investment manager considers the revenue potential of the company to be significant, or, where the impact of the product(s) or services of the company have the potential to advance health, healthcare treatment or cost efficiencies within the healthcare system.

The investment manager also uses a proprietary tool such as SustainEx and CONTEXT to exclude companies ranked on ESG performance in the bottom quartile of the fund's investment universe and assess the environmental, social and governance ("ESG") performance of companies before they are selected for the fund's portfolio. Individual names with poor ESG performance may be included in the portfolio if the investment manager believes that a company is on track to improve its ESG performance. In order to determine whether a company is on an improving trajectory, the investment manager will use analysis from Schroders' proprietary sustainability tools.

A governance assessment is a central part of our investment process, and is considered explicitly within the team's evaluation of a stock. This process already ensures that companies with weaker governance structures/policies are identified and subject to additional scrutiny.

In general, the investment manager considers good governance to be a prerequisite for investment. Strong governance contributes to constructive stakeholder relationships, effective decisions about capital allocation and protection of minority shareholder interests. It is expected that companies will have sound structures and policies that ensure these objectives can be effectively delivered. In instances where poor governance contributes unacceptably high risk, stocks are excluded as potential portfolio holdings.

Other sources of information are also used for this analysis including information provided by the companies, such as company sustainability reports and other relevant company material, as well as Schroders' other proprietary sustainability tools such as SustainEx and CONTEXT and third-party data.

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 (which do not meet the sustainability criteria) is excluded from the selection of investments.

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 by application of the sustainability criteria), 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 companies worldwide.

**Benchmark**

The fund does not have a target benchmark. The fund's performance should be compared against its comparator benchmark, being the MSCI AC World (Net TR) index. The comparator benchmark is only included for performance comparison purposes and does not have any bearing on how the investment manager invests the fund's assets. The fund's investment universe is expected to overlap materially with the components of the comparator benchmark. 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 comparator benchmark. 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. General investment risk**

The fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the fund may suffer losses. There is no guarantee of the repayment of principal.

**2. 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.

**3. Risks relating to sustainable investment approach**

- **Concentration risk:** The fund follows a 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.
- **Subjective judgment in investment selection:** 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 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.

- **Exclusion risk:** The use of exclusions may affect the Fund's investment performance and, as such, the Fund may perform differently compared to similar funds that do not use such criteria. 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.
- **Reliance on corporate data or third-party information:** 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 (which may include providers for research, reports, exclusions, ratings and/or analysis such as index providers and consultants). Such information or data may be incomplete, inaccurate or inconsistent. As a result, there is a risk that the investment manager may make an assessment of a security or issuers based on incorrect information. 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.
- **Change in nature of investments:** 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.

#### 4. Concentrated sector

- The fund investing in concentrated sector (i.e. healthcare) may be subject to a higher level of risks and may be more volatile comparing to a fund investing in a more diversified portfolio/strategy.
- The fund is also subject to risks specific to the healthcare sector including rapid technological advancements leading to obsolescence, greater influences from governmental policies and regulations than other sectors and significant price movements in securities of the healthcare sector companies, associated with events including perceived prospects of success of the research and development programmes, commercial and regulatory acceptance of new products. Such risks may have impact on the business and/or profitability of the healthcare companies in which the fund invests and therefore may adversely affect the net asset value of the fund.

#### 5. Concentrated geographical locations

The fund investing in concentrated geographical locations may be subject to a higher level of risks and may be more volatile 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.

#### 6. Emerging and less developed markets

- The fund may invest in emerging and less developed markets. Investing in emerging and less developed markets is subject to greater risks than investing in securities of developed countries and may involve special considerations not typically associated with investment in developed countries, such as ownership and custody risks, political and economic uncertainties and risks, market and settlement risks, liquidity and volatility risk, legal and regulatory risks, taxation risk, execution and counterparty risk, currency risk, and possible repatriation of investment income and capital, which may adversely affect the net asset value per share of the fund and investors may as a result suffer losses.

- In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

## 7. Smaller companies risk

Fund invests in smaller companies may fluctuate in value more than other funds and may be more vulnerable to adverse economic 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.

## 8. Derivatives

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.

## 9. 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.
- **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.**
- The distribution amount and net asset value of the currency hedged share class may be adversely affected by differences in the interest rates of the reference currency of the currency hedged share classes and the fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-currency hedged share classes.

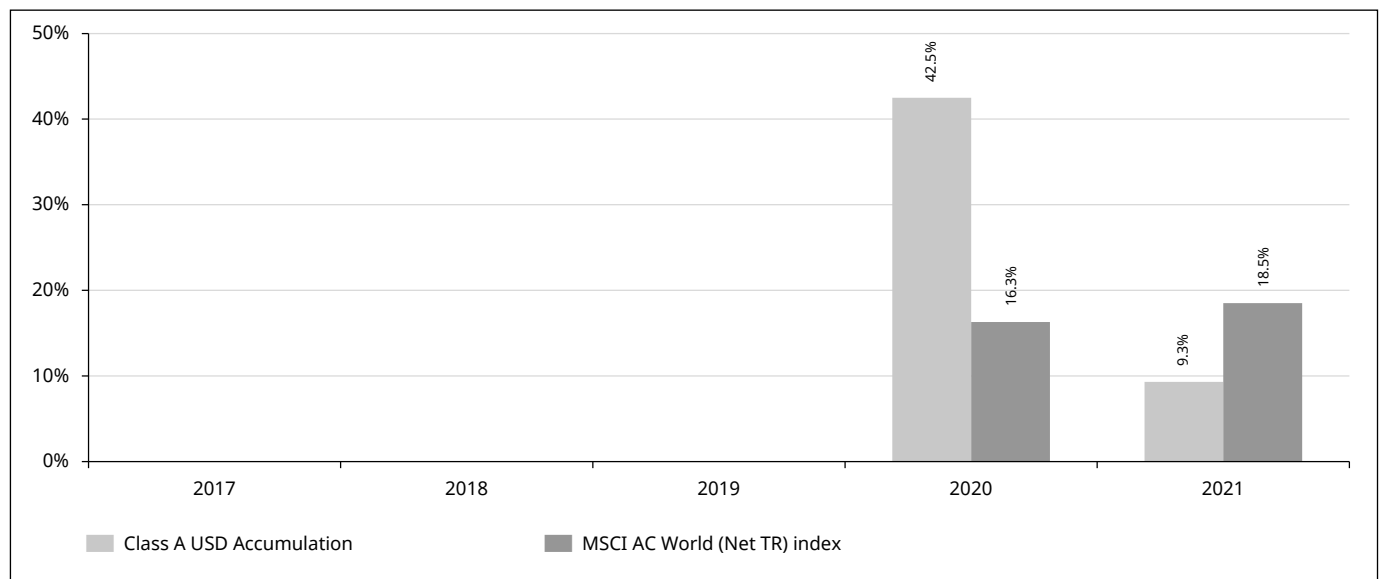
## 10. Currency risks

Assets and share classes may be denominated in currencies other than USD and some may not be freely convertible. The net asset value of the fund may be adversely affected by changes in foreign exchange rates and exchange rate controls of the currencies in which securities are held, the reference currencies of the share classes and the USD. This exposes all share classes of the fund to exchange rate fluctuations and currency risk. It may not be practicable or possible to hedge against such foreign exchange/currency risk exposure.

## 11. Risks relating to hedging and the hedged classes

- The aim of currency hedged share class is to provide you with the performance returns of the fund's investments by reducing the effects of exchange rate fluctuations between the share class currency and the fund's base currency. However there is no assurance that the hedging strategies employed will be effective.
- There can also be no assurance that the currency hedging employed will fully eliminate the currency exposure to the reference currency.

## 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.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Comparator benchmark: MSCI AC World (Net TR) index
- Fund launch date: 2019
- Class A USD Accumulation launch date: 2019
- 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.

## 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   |
| Subscription fee (Initial charge)  | Up to 5.00% of the total subscription amount          |
| Switching fee (Switching charge)   | Up to 1.00% of the value of the shares to be switched |
| Redemption fee (Redemption charge) | Nil   |

### Ongoing fees payable by the fund

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

|  | Annual rate (as a % of the fund's value) |
|--|--|
| Share class*                                     | A  |
| Management fee (Annual Management Charge)        | 1.50%                                    |
| Depositary fee                                   | Up to 0.005%                             |
| Performance fee                                  | Nil                                      |
| Administration fee                               | Up to 0.25%                              |
| Distribution charge (Annual Distribution Charge) | Nil                                      |
| Custody safekeeping fee                          | Up to 0.3%                               |
| Transaction fees (charged by the Depositary)     | Up to USD75 per transaction              |
| Fund accounting and valuation fees               | Up to 0.0083%                            |

\* Where currency hedged share class is offered, a hedging charge of up to 0.03% per annum of the net asset value per share will be borne by the currency hedged share class in relation to which the charge is incurred. The hedging charge will be payable to the management company, which provides the currency hedging service.

### 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 cut-off 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)). This website has not been reviewed by the SFC.
- 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). This website has not been reviewed by the SFC.
- 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.