

**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

---

<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.

---

<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

**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

---

<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

---

<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 Limited, located in the United Kingdom, internal delegation			
<b>Sub-investment manager(s):</b>	<p>Schroder Investment Management North America Inc., located in the United States of America, internal delegation</p> <p>Schroder Investment Management (Singapore) Ltd, located in Singapore, internal delegation</p>			
<b>Depository:</b>	J.P. Morgan Bank Luxembourg S.A.			
<b>Ongoing charges over a year*:</b>	Class A EUR Acc	0.94%	Class A1 EUR Dis QV	1.49%
	Class A EUR Dis QV	0.94%	Class A1 USD Acc	1.49%
	Class A1 EUR Acc	1.49%		
<b>Dealing frequency:</b>	Daily			
<b>Base currency:</b>	EUR			
<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);</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.

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 and income in excess of the Bloomberg Barclays EURO Aggregate index after fees have been deducted over a three to five year period<sup>Note</sup> by investing in fixed and floating rate securities denominated in Euro.

### Investment Policy

The fund is actively managed and invests at least two-thirds of its assets in fixed and floating rate securities denominated in Euro issued by governments, government agencies, supra-nationals and companies worldwide.

The fund may invest up to 30% of its assets in securities that have a below investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies for rated bonds and implied Schroders ratings for non-rated bonds). The investment manager will assess credit risks of fixed income instruments based on quantitative and qualitative fundamentals, including without limitation the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, firm's competitive position and corporate governance issue. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the rating of the issuer of the security. If both the security and the relevant issuer are not rated, then the security will be classified as unrated. The fund may invest up to 10% of its assets in contingent convertible bonds.

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), region or sector.

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 may invest up to 25% of its net asset value in debt instruments with loss-absorption features (e.g. contingent convertible bonds, Additional Tier 1 and Tier 2 capital notes, senior and senior non-preferred notes, bail-in bonds, capital security bonds, subordinated Tier 2 capital notes, subordinated Additional Tier 1 capital notes and subordinated Lower Tier 2 capital notes). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

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 (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. Where the fund uses total return swaps, the underlying consists of instruments in which the fund may invest according to its investment objective and investment policy. In particular, total return swaps may be used to gain long and short exposure on fixed and floating rate securities. The gross exposure of total return swaps will not exceed 30% and is expected to remain within the range of 0% to 10% of the net asset value. In certain circumstances this proportion may be higher.



Derivatives may be employed for instance to generate additional income from exposure to credit risk in purchasing or selling protection through credit default swaps, adjusting the fund's duration through the tactical use of interest related derivatives, generating additional income through inflation or volatility linked derivatives or increasing its currency exposure through the use of currency related derivatives. Derivatives could also be employed to create synthetic instruments. Such derivatives include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts and/or a combination of the above.

The fund maintains a higher overall sustainability score than the Bloomberg Barclays EURO Aggregate 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.

### Benchmark

The fund's performance should be assessed against its target benchmark being to exceed the Bloomberg Barclays EURO Aggregate index. The fund's investment universe is expected to overlap to a limited extent with the components of the target benchmark. However, the fund will likely reflect certain features of the target benchmark (namely credit quality/duration, currency exposure/exposure to particular issuers). 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 more than 100% 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. Risk relating to investment in debt securities**

- **Credit and counterparty risk** – Investment in debt securities is subject to the credit/default risk of the issuer which may also adversely affect the settlement of the securities.
- **Interest rate risks** – Investment in the fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Below investment grade and unrated debt securities** – Investments in fixed income securities below investment grade or unrated are generally subject to higher degree of counterparty risk, credit risk, volatility risk, liquidity risk and risk of loss of principal and interest than higher rated securities.
- **Credit ratings risk** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Credit downgrading risk** – The credit rating of debt securities or their issuers may subsequently be downgraded. In the event of such downgrading, the value of the fund may be adversely affected. The investment manager may not dispose of such securities immediately and the fund may therefore be subject to additional risk of loss.

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

- **Liquidity and volatility risk** – Securities not listed or rated or actively traded may have low liquidity and higher volatility. The prices of such securities may be subject to fluctuations. The bid and offer spread of their price may be high and the fund may therefore incur significant trading costs and may even suffer losses when selling such instruments.
- **Valuation risk** – Valuation of the fund's investment may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

## 2. Sovereign debt risk

Investment in sovereign debt obligations issued or guaranteed by governments or their agencies of certain developing countries and certain developed countries may expose the fund to political, social and economic risks. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by various factors. In the event that a government entity defaults on its sovereign debt, holders of sovereign debt, including the fund, may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant government entity. The fund may suffer significant losses in such events.

## 3. Risk of investment in Europe

The fund may invest in securities which may include a substantial investment in European securities. In light of the current fiscal conditions and concerns on sovereign debt of certain European countries, the fund may be subject to an increased amount of volatility, liquidity, price, default and currency risk should there be any adverse credit events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, in the European region. Notwithstanding the governments of the European countries have adopted measures to address these problems, it is possible that these measures may not work and may adversely affect the value of the fund's investment in European securities. If these adverse economic or financial events in Europe continue, they could have additional unfavourable effects on the economies and financial markets of other parts of the world thereby affecting the value of the fund's investment.

## 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. The leverage element/component of derivatives can result in a loss significantly greater than the amount invested in the derivatives by the fund. Derivative exposure may lead to a high risk of significant capital loss. Risks associated with derivatives include:

- **Credit risk and Counterparty risk** – The fund will be subject to the risk of the inability of any counterparty through or with which the fund conducts the derivative transactions to perform its obligations, whether due to insolvency, bankruptcy or other causes. Long and short positions gained through total return swaps may increase exposure to credit-related risk.
- **Liquidity risk** – There may be possible absence of a liquid secondary market for any particular derivatives at any time. The fund may be unable to sell illiquid derivatives at an advantageous time or price and results in a reduction of returns.
- **Valuation risk** – The fund is subject to the risk of mispricing or improper valuation of derivatives.
- **Interest rate risk** – There may be interest rate risk when swaps (such as total return swaps) involve floating rate payments.
- **Volatility risk** – The fund is subject to the risk of higher volatility of the returns as derivatives usually have a leverage component.

- **Over-the-counter (“OTC”) transaction risks** – Derivatives traded in OTC markets may be more volatile and less liquid. Its prices may include an undisclosed dealer mark-up which a fund may pay as part of the purchase price.
- **Hedging risk** – 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. 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.

## 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 such as ownership and custody risks, political and economic risks, market and settlement risks, liquidity and volatility risk, legal and regulatory risks, execution and counterparty risk, and currency risk, which may adversely affect the net asset value per share of the fund and investors may as a result suffer losses.

## 7. Risks relating to high expected leverage

The fund may have a net leverage exposure of over 100% of its net asset value to derivatives. This will further magnify any potential negative impact of any change in the value of the underlying asset on the fund and also increase the volatility of the fund’s price and may lead to significant losses.

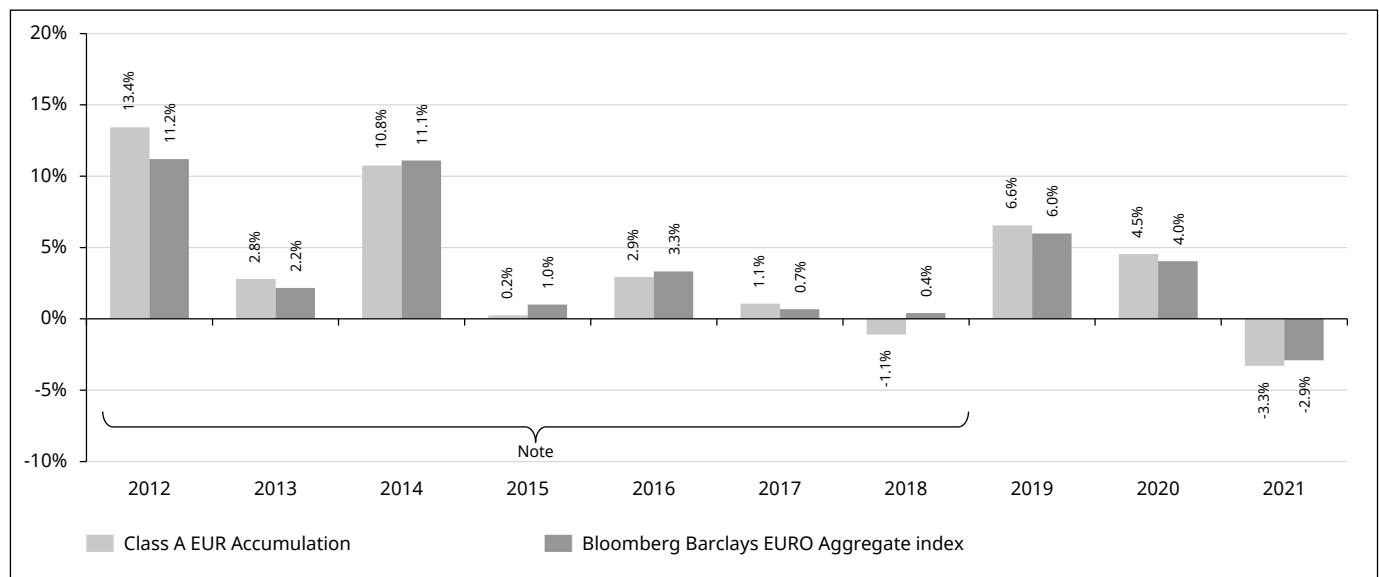
## 8. Risks relating to distributions

- 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.**

## 9. Currency risks

Assets and share classes may be denominated in currencies other than EUR and some may not be freely convertible. 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 EUR. 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.

## 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 EUR Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Target benchmark: Bloomberg Barclays EURO Aggregate index
- Fund launch date: 1998
- Class A EUR Accumulation launch date: 2000
- The management company views the Class A EUR 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, changes of investment objective and policy, change of investment delegate and reduction of fee(s).

## 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
Subscription fee (Initial charge)	Up to 3.00% of the total subscription amount	Up to 2.00% of the total subscription amount	Nil
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	A1	D
Management fee (Annual Management Charge)	0.75%	0.75%	0.75%
Depositary fee	Up to 0.005%		
Performance fee	Nil		
Administration fee	Up to 0.25%		
Distribution charge (Annual Distribution Charge)	Nil	0.50%	1.00%
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.

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 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)).
- 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.