Schroders

Schroder International Selection Fund
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Dear Shareholder,

Schroder International Selection Fund — Asia Pacific Cities Real Estate merger with Schroder International Selection Fund— Global Cities Real Estate

We are writing to advise you that on 16 April 2020 (the "Effective Date"), Schroder International Selection Fund — Asia Pacific Cities Real Estate (the "Merging Fund") will merge with Schroder International Selection Fund — Global Cities Real Estate (the "Receiving Fund") (the "Merger"). Shareholders in the Merging Fund will receive the equivalent value of shares in the Receiving Fund in place of their current shares in the Merging Fund.

Background and rationale

Upon review, the board of directors (the "Board") of Schroder International Selection Fund (the "Company") concluded that, given the relative size of the Merging Fund and the similarity in investment approach between the Merging Fund and Receiving Fund, shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. The Merging Fund has approximately USD 20 million under management as of 7 February 2020 while the Receiving Fund has approximately USD 380 million under management as of the same date. Shareholders in the Merging Fund will be merged into a sub-fund which, the Board believes, will give shareholders access to a similar investment strategy with a similar risk profile.

Where assets under management are low it can become difficult to implement the investment policy in a cost effective manner and costs to clients can increase. On this basis a merger into the Receiving Fund offers investors an alternative fund with appropriate scale and a broadly similar investment approach; both funds focus on urbanisation and utilise the same investment process and proprietary real estate databases. The investment exposure of both the Merging Fund and the Receiving Fund offers some commonality across companies and regions; ~25% of the Receiving Fund is invested in the Asia Pacific Region and ~23% of the Receiving Fund is invested in companies also held in the Merging Fund.

The Receiving Fund offers a degree of continuity to shareholders of the Merging Fund given the commonality of holdings highlighted above. In addition, the size of the Receiving Fund is over USD 300 million and can offer the potential for economies of scale that the Merging Fund, at the size of approximately USD 18 million cannot. The Board has therefore decided, in accordance with Article 5 of the articles of incorporation of the Company (the Articles) and the provisions of the prospectus of the Company (the "Prospectus") and in the interest of both funds' shareholders, to merge the Merging Fund into the Receiving Fund.

Investment objectives and policies

The investment objectives of both the Merging Fund and the Receiving Fund include the provision of income and capital growth by investing in equity and equity related securities of real estate companies (in the Asia Pacific region for the Merging Fund and globally for the Receiving Fund). The Merging Fund has a more concentrated portfolio than the Receiving Fund and may invest in China A-Shares, China B-Shares and

China H-Shares. The Receiving Fund may invest up to 5% of its net asset value in China A-Shares but the Receiving Fund currently does not have any exposure to China.

Share classes and annual investment management fee changes

The table below summarises the annual investment management charges (the AMC) and ongoing charges (the OGC) for the share classes of the Merging Fund and the Receiving Fund.

The synthetic risk and return indicator (the SRRI) of the Receiving Fund and the Merging Fund is the same (category 5), with the exception of Class C CHF Acc of the Merging Fund, which is 6.

The base currency of both the Merging Fund and the Receiving Fund is USD. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found in the Appendix.

Share class	**Merging Fund**		**Receiving Fund**	
	AMC	**OGC**	**AMC**	**OGC**[1]
A	1.50%	1.88%	1.50%	1.85%
A1	1.50%	2.37%	1.50%	2.35%
B	1.50%	2.47%	1.50%	2.45%
C	0.75%	1.07%	0.75%	1.05%
I	0.00%	0.09%	0.00%	0.06%
Z	0.75%	1.07%	0.75%	1.05%

The ongoing charges figure of the Receiving Fund is not expected to increase as a result of the Merger.

Dealing cut-off time and settlement periods for subscriptions and redemptions

There is no change to the dealing cut-off time or the settlement periods. The dealing cut-off time of the Receiving Fund is 1.00 p.m. Luxembourg time on the dealing day. Orders that reach HSBC France, Luxembourg branch ("HSBC")[2] before the cut-off time will be executed on the dealing day. The settlement periods for subscription and redemption are within three business days following a dealing day.

A key features comparison table of the Merging Fund and the Receiving Fund (including the share class changes) can be found in the Appendix.

[1] Percentages are per annum and are stated with reference to the net asset value per share. The OGCs include, where applicable, the distribution charge, shareholder servicing charge, investment management fee and other administration costs including the fund administration, custodian and transfer agency costs. They include the management fees and administration costs of the underlying investment funds in the portfolio. The OGCs are as at December 2019.
[2] As previously communicated by the Company, the delegation of transfer agency ("TA") activities by the Company to HSBC took effect from 1 July 2019. All non-electronic applications for redemption or switch should therefore be sent to the following address: HSBC France, Luxembourg branch, 16, Boulevard, d'Avranches BP413 L-2014 Luxembourg. Telephone: +352 404646500, Fax: +352 26378977. There have been no changes to existing electronic trading channels.

Merger

This Merger notice is required by Luxembourg law.

As a result of the Merger, there will be no change of legal entities acting as investment manager, which remains Schroder Investment Management Limited.

Costs and expenses of the Merger

The Merging Fund has no unamortised preliminary expenses and outstanding set-up costs. The expenses incurred in the Merger, including the legal, advisory and administrative costs, will be borne by the Management Company.

From 9 April 2020, in order to account for the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund's portfolio, or associated with redemption or switch orders received during the period leading up to the Merger, the Merging Fund's net asset value per share will be adjusted down each time there is a net outflow from the Merging Fund by means of a dilution adjustment. In the event that there are net inflows to the Merging Fund during this period the net asset value per share will be adjusted upwards. The intent of the adjustment is to protect existing and continuing investors in the Merging Fund from bearing all such market-related transaction costs and to apportion such costs appropriately. However, it is not expected that such transaction costs will be significant and they will not have a material impact on the shareholders of the Receiving Fund and the Merging Fund. Further information relating to dilution adjustments is available in the Prospectus in section 2.4 "Calculation of Net Asset Value". The Prospectus is available at www.schroders.lu.

Exchange ratio, treatment of accrued income and consequences of the Merger

On the Effective Date, the net assets of the Merging Fund will be transferred to the Receiving Fund. For the shares of each class that they hold in the Merging Fund, shareholders of the Merging Fund will receive an equal amount by value of shares of the corresponding class in the Receiving Fund. The exchange ratio of the Merger will be the result of the ratio between the net asset value of the relevant class of the Merging Fund and the net asset value or initial issue price of the relevant class of the Receiving Fund as of the Effective Date. While the overall value of the shareholders' holdings will remain the same, shareholders may receive a different number of shares in the Receiving Fund than they had previously held in the Merging Fund.

Any accrued income relating to the Merging Fund's shares at the time of the Merger will be included in the calculation of the final net asset value per share of the Merging Fund and will be accounted for after the Merger in the net asset value per share of the Receiving Fund. The Receiving Fund will not bear any additional income, expenses and liabilities attributable to the Merging Fund accruing after the Effective Date.

You will thus become a shareholder of the Receiving Fund, in the share class which corresponds to your current holding in the Merging Fund. A full summary of which Merging Fund share classes will be merged into which Receiving Fund share classes can be found under section “Existing and New Share Class Mapping” in the Appendix.

The first dealing date for your shares in the Receiving Fund will be 17 April 2020, the related deal cut-off for this dealing day being 1.00 p.m. Luxembourg time on the dealing day.

Rights of shareholders to redeem/switch

If you do not wish to hold shares in the Receiving Fund from the Effective Date, you have the right to redeem your holding in the Merging Fund or to switch into another Schroder fund at any time up to and including the dealing day on 9 April 2020.

HSBC will execute your redemption or switch instructions in accordance with the provisions of the Prospectus free of charge, although in some countries local paying agents, correspondent banks or similar agents may charge transaction fees. Local agents may also have a local deal cut-off which is earlier than that described above, so please check with them to ensure that your instructions reach HSBC before the 1.00 p.m. Luxembourg time deal cut-off on 9 April 2020.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on 9 March 2020. To allow sufficient time for changes to be made to regular savings plans and similar facilities, subscriptions or switches into the Merging Fund will be accepted from existing investors until 9 April 2020 (deal cut-off at 1.00 p.m. on 9 April 2020).

Tax status

The conversion of shares at the time of the Merger and / or your redemption or switch of shares prior to the Merger might affect the tax status of your investment. We therefore recommend that you seek independent professional advice in these matters.

Further information

We advise shareholders to read the Receiving Fund's key investor information document (the KIID) which accompanies this letter. This is a representative KIID for the Receiving Fund, showing information for a standard share class (A share class). It is, together with the KIIDs of all other available share classes, available at www.schroders.lu. The Prospectus is also available at that address.

An audit report will be prepared by the approved statutory auditor in relation to the Merger and will be available free of charge upon request from the Management Company.

We hope that you will choose to remain invested in the Receiving Fund after the Merger. If you would like more information, please contact your local Schroders office, your usual professional adviser or the Management Company on (+352) 341 342 212.

Yours faithfully,

Chris Burkhardt
Authorised Signatory

Nirosha Jayawardana
Authorised Signatory

Appendix

Key Features Comparison Table

The following is a comparison of the principal features of the Merging Fund and the Receiving Fund. Both are sub-funds of the Company. Full details are set out in the Prospectus and shareholders are also advised to consult the KIID of the Receiving Fund.

	Merging Fund **Schroder International Selection Fund — Asia Pacific Cities Real Estate**	**Receiving Fund** **Schroder International Selection Fund — Global Cities Real Estate**
Prospectus Investment Objective and Policy	**Investment Objective** The Fund aims to provide income and capital growth by investing in equity and equity related securities of real estate companies in Asia Pacific. **Investment Policy** The Fund invests at least two-thirds of its assets in a concentrated range of equity and equity related securities of real estate companies in Asia Pacific with a focus on companies that invest in cities that the manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes. The Fund typically holds fewer than 50 companies. The Fund may invest directly in China B-Shares and China H-Shares and may invest less than 30% of its assets in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies. The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may invest in money market instruments and hold cash.	**Investment Objective** The Fund aims to provide income and capital growth by investing in equity and equity related securities of real estate companies worldwide. **Investment Policy** The Fund invests at least two-thirds of its assets in equity and equity related securities of real estate companies worldwide with a focus on companies that invest in cities that the manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes. The Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies. The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may invest in money market instruments and hold cash.

	Merging Fund **Schroder International Selection Fund — Asia Pacific Cities Real Estate**	**Receiving Fund** **Schroder International Selection Fund — Global Cities Real Estate**
KIID Objectives and Investment Policy	**Objectives** The fund aims to provide income and capital growth by investing in equities of real estate companies in Asia Pacific. **Investment Policy** The fund invests at least two-thirds of its assets in a concentrated range of equities of real estate companies in Asia Pacific with a focus on companies that invest in cities that the manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes. The fund typically holds fewer than 50 companies. The fund may invest directly in China B-Shares and China H-Shares and may invest less than 30% of its assets in China A-Shares through Shanghai/Shenzhen-Hong Kong Stock Connect. The fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies. Derivatives may be used to seek to reduce risk or to manage the fund more efficiently. The fund may invest in money market instruments and hold cash.	**Objectives** The fund aims to provide income and capital growth by investing in equities of real estate companies worldwide. **Investment Policy** The fund invests at least two-thirds of its assets in equities of real estate companies worldwide with a focus on companies that invest in cities that the manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes. The fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies. Derivatives may be used to seek to reduce risk or to manage the fund more efficiently. The fund may also hold cash.
Investment Manager	Schroder Investment Management Limited	Schroder Investment Management Limited
Synthetic Risk and Reward Indicator (SRRI)	Category 5 (with the exception of Class C Acc CHF which is Category 6)	Category 5
KIID risk disclosures**	China country risk: Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund.	China country risk: Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund.

	Merging Fund **Schroder International Selection Fund — Asia Pacific Cities Real Estate**	Receiving Fund **Schroder International Selection Fund — Global Cities Real Estate**
	Concentration risk: The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down, which may adversely impact the performance of the fund. Counterparty risk: The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative. Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. Operational risk: Failures at service providers could lead to disruptions of fund operations or losses. Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect risk: The fund may be investing in China "A" shares via the	Counterparty risk: The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative. Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. Leverage risk: The fund uses derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss. Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. Operational risk: Failures at service providers could lead to disruptions of fund operations or losses.

	Merging Fund **Schroder International Selection Fund — Asia Pacific Cities Real Estate**	**Receiving Fund** **Schroder International Selection Fund — Global Cities Real Estate**
	Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect which may involve clearing and settlement, regulatory, operational and counterparty risks.	
Profile of the Typical Investor	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.	The Fund may be suitable for Investors who are more concerned with maximising long term returns than minimising possible short term losses.
Fund Category	Specialist Equity Fund	Specialist Equity Fund
Fund Currency	USD	USD
Launch Date	27 October 2006	31 October 2005
Total Fund Size as at 30 June 2019	USD 18.2m	USD 309.3m
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	Orders must reach HSBC before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.	Orders must reach HSBC before 13:00 Luxembourg time on the dealing day to be executed that day. The settlement periods for subscription and redemption are within three business days following a dealing day.
Risk Management Method	Commitment	Commitment
Initial Charge	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) A1: up to 4.00% of the total subscription amount (equivalent to 4.16667% of the Net Asset Value per Share) B: None C: up to 1.00% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share) I: None Z: None	A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share) A1: up to 4.00% of the total subscription amount (equivalent to 4.16667% of the Net Asset Value per Share) B: None C: up to 1.00% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share) I: None Z: None

	Merging Fund **Schroder International Selection Fund — Asia Pacific Cities Real Estate**	**Receiving Fund** **Schroder International Selection Fund — Global Cities Real Estate**
Management Fees by Share Class	A: 1.50% per annum A1: 1.50% per annum B: 1.50% per annum C: 0.75% per annum I: 0.00% per annum Z: 0.75% per annum	A: 1.50% per annum A1: 1.50% per annum B: 1.50% per annum C: 0.75% per annum I: 0.00% per annum Z: 0.75% per annum
Performance Fees	None	None
OnGoing Charge	A: 1.88% per annum A1: 2.37% per annum B: 2.47% per annum C: 1.07% per annum I: 0.09% per annum Z: 1.07% per annum	A: 1.85% per annum A1: 2.35% per annum B: 2.45% per annum C: 1.06% per annum I: 0.06% per annum Z: 1.05% per annum
Existing and New Share Class Mapping	**Existing Share Class Held**	**New Share Class to be Held**
	A Accumulation USD	A Accumulation USD
	A Accumulation EUR	A Accumulation EUR
	A1 Accumulation USD	A1 Accumulation USD
	B Accumulation USD	B Accumulation USD
	C Accumulation USD	C Accumulation USD
	C Accumulation CHF	C Accumulation CHF*
	C Accumulation EUR	C Accumulation EUR*
	I Accumulation USD	I Accumulation USD
	Z Accumulation EUR	Z Accumulation EUR*

The Merger will also apply to any additional share classes launched prior to the Effective Date.

* This share class will be launched on the Effective Date to facilitate the Merger.