

**11 January 2021**

Dear Shareholder,

## **Schroder International Selection Fund — UK Equity**

We are writing to advise you that a fund in which you are invested is due to receive assets from another fund through a merger. This merger is not expected to have any impact on your investment. The size of the merging fund represents approximately 22% of the fund in which you are invested as at 30 June 2020. We have provided full details of this merger below.

On **17 February 2021** (the "Effective Date"), Schroder International Selection Fund — UK Alpha Income (the "Merging Fund") will merge into Schroder International Selection Fund — UK Equity (the "Receiving Fund"). Dealing in the Receiving Fund will not be interrupted by the merger.

The decision to merge the sub-funds was taken by the board of directors of Schroder International Selection Fund (respectively the "Board" and the "Company").

Upon review, the Board of 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 GBP 14 million under management as of 30 June 2020 while the Receiving Fund has approximately GBP 63 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.

A merger into the Receiving Fund offers investors an alternative fund with enhanced scale and a broadly similar investment approach; both the Merging Fund and the Receiving Fund are primarily invested in UK large and mid-sized companies, utilise the same investment process focussing on value and alpha opportunities and share the same target benchmark which is the FTSE All Share index which is representative of the type of investments in which the Merging Fund and the Receiving Fund are likely to invest.

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 and in the interest of both funds' shareholders, to merge the Merging Fund into the Receiving Fund.

This notice is required by Luxembourg law and is being sent to you for informational purposes only.

## **Impact on the Receiving Fund's investment portfolio and performance**

The Receiving Fund will continue to be managed in line with its investment objective and strategy after the merger. Prior to the merger the Merging Fund will dispose of any assets that are not in line with the Receiving Fund's investment portfolio or which cannot be held due to investment restrictions. The Receiving Fund's investment portfolio will not need to be rebalanced before or after the merger. Consequently the

Board does not foresee any material impact on the Receiving Fund's investment portfolio or performance as a result of the merger.

### **Expenses and costs of the merger**

The expenses incurred in the merger, including the legal, audit and regulatory charges, will be borne by the Company's management company, Schroder Investment Management (Europe) S.A. (the "Management Company"). The Merging Fund will bear the market-related transaction costs associated with the disposal of any investments that are not in line with the Receiving Fund.

### **Effective date and rights of shareholders**

The merger will be implemented on **17 February 2021** (the "Effective Date"). As a shareholder in the Receiving Fund you have the right to redeem your holding or switch it into the same share class of one or more of the Company's other sub-funds prior to the merger. If you do not wish to continue to hold shares in the Receiving Fund you may at any time up to and including deal cut-off at 1:00 p.m. Luxembourg time on **10 February 2021** send your instructions to redeem or switch your shares for execution prior to the merger. HSBC Continental Europe, Luxembourg ("HSBC") will carry out your instructions free of charge in accordance with the provisions of the prospectus of the Company. Please note that some distributors, paying agents, correspondent banks or similar agents may charge you transaction fees. Please also note that they might have a local deal cut-off which is earlier than the Receiving Fund's cut-off time in Luxembourg, and we recommend that you check with them to ensure that your instructions reach HSBC before the deal cut-off given above.

Redemption and / or switching of shares may affect the tax status of your investment. We therefore recommend you to seek independent professional advice in these matters.

### **Exchange ratio and treatment of accrued income**

On the Effective Date, the net assets and liabilities of the Merging Fund, including any accrued income, will be calculated in its final net asset value per share for each share class and shareholders in the Merging Fund will be issued shares of an equal amount by value of shares in the Receiving Fund at the net asset value per share calculated on that day or at the initial issue price for the corresponding share class. Thereafter accrued income will be accounted for on an on-going basis in the net asset value per share for each share class in the Receiving Fund. Any income accrued in the Receiving Fund prior to the merger will not be affected.

### **Further information**

Luxembourg law requires that an audit report to be prepared by the Company's approved statutory auditor in relation to the merger. Such audit report 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, or have any questions about the merger, please contact your local Schrodgers office, your usual professional adviser or the Management Company on (+352) 341 342 202.

Yours faithfully,



**Cecilia Vernerson**  
Authorised Signatory



**Nirosha Jayawardana**  
Authorised Signatory