

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

April 2024

*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

**Management company:** Schroder Investment Management (Europe) S.A.

**Investment manager:** Schroder Investment Management (Singapore) Ltd, located in Singapore, internal delegation

**Sub-investment manager(s) and sub-delegate(s), if any:** Internal delegation to one or more sub-investment manager(s) (if any) and sub-delegate(s) (if any) as described in the section headed "Sub-Investment Managers and Sub-Delegates" in the Hong Kong Covering Document. The list of the latest sub-investment manager(s) and sub-delegate(s) of the fund will be provided on request and shall be further disclosed in the periodic reports of Schroder International Selection Fund.

**Depository:** J.P. Morgan SE – Luxembourg Branch

<b>Ongoing charges over a year*:</b>	Class A USD Acc	1.84%	Class A1 USD Acc	2.34%
	Class A USD Dis MF	1.84%	Class A1 USD Dis MF	2.34%
	Class A GBP Dis AV	1.84%	Class A EUR Acc	1.84%
	Class A AUD Hedged Dis MFC	1.87%		

**Dealing frequency:** Daily

**Base currency:** USD

**Dividend policy:** A and A1 Accumulation share classes – Dividend will not be distributed but will be reinvested into the fund.

A and A1 Distribution share classes – The board of directors generally has discretion as to whether or not to make any distribution save for the Distribution share classes with fixed dividend policy which are subject to the disclosures below. This distribution frequency and attributes are indicated in the share class designation as follows:

M = monthly, Q = quarterly, S = semi-annual, A = annual,

Currency carry#: C

Distributions may be paid out of capital and reduce the fund's net asset value.

In respect of Distribution share classes with fixed dividend policy, the distribution amount per share is calculated as follows: dividend rate ÷ distribution frequency over a year × net asset value per share on the record date. Details of the Distribution share classes with fixed dividend policy are set out below:

Fixed Distribution Share Class	Currency	Distribution Frequency over a year	Dividend Rate
Class A USD Dis MF	USD	Monthly (12)	3.50% per annum
Class A1 USD Dis MF	USD	Monthly (12)	3.50% per annum

Investors should note that a positive distribution yield does not imply a positive return. The board of directors will periodically review fixed distribution share classes and reserves the right to make changes.

**Financial year end of this fund:** 31 December

**Minimum investment:** A and A1 share classes: Initial – EUR1,000 or USD1,000 (or equivalent);  
Subsequent investment – EUR1,000 or USD1,000 (or equivalent)

\* The ongoing charges figure is based on the expenses for the year ended 31 December 2023. This figure may vary from year to year.

# This refers to the premium or discount that may apply to the distribution. Distributions may include a premium when the interest rate of a currency hedged share class is higher than the fund's base currency interest rate. Consequently when the interest rate of a currency hedged share class is lower than the fund's base currency interest rate, the dividend may be discounted. The level of premium or discount is determined by differences in interest rates and is not part of the fund's investment objective or investment policy.

## 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 income and capital growth in excess of the MSCI AC Asia Pacific ex Japan (Net TR) index after fees have been deducted over a three to five year period<sup>Note</sup> by investing in equity and equity related securities of Asia Pacific companies (excluding Japan).

<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.

### Investment Policy

The fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of Asia Pacific companies (excluding Japan).

The fund invests in the equities of companies in the Asia Pacific (excluding Japan) region that pay dividends now but also retain enough cash to reinvest back into the company to generate future growth.

The fund may invest directly in China B-Shares and China H-Shares and may invest less than 30% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through:

- Stock Connect (as defined below);
- the Qualified Foreign Investor ("QFI") Scheme;
- shares listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange ("STAR Board") and the ChiNext market of the Shenzhen Stock Exchange ("ChiNext market"); and

- regulated markets.

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 in Asia Pacific (excluding Japan) (including emerging market countries) or sector. 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 invest directly in China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively "Stock Connect") (as further described in the section headed "Stock Connect" in the Hong Kong Covering Document). Indirect exposure to China A-Shares may also be sought for the fund through investment in financial instruments such as China market access products and other funds with China access through QFI status. The fund does not currently intend to invest 30% or more of the net asset value of the fund directly and indirectly in China A-Shares and China B-Shares.

The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently. Derivatives can be used for instance to create market exposures through equity, currency, volatility or index related financial derivative instruments and include over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps, forward contracts and/or a combination of the above.

The fund maintains a higher overall sustainability score than the MSCI AC Asia Pacific ex Japan High Dividend Yield (Net TR) index based on the investment manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section of the Fund Details, as set out in Appendix III of the Prospectus.

#### Benchmark

The fund's performance should be assessed against its target benchmark being to exceed MSCI AC Asia Pacific ex Japan (Net TR) index ("Target Benchmark") and compared against the MSCI AC Asia Pacific ex Japan High Dividend Yield (Net TR) index, the Morningstar Asia Pacific ex Japan Income Category and the Morningstar Asia Pacific ex Japan Equity Category (collectively, "Comparator Benchmarks"). The fund's investment universe is expected to overlap to a limited extent with the components of the Target Benchmark and the Comparator Benchmarks. The Comparator Benchmarks are only included for performance comparison purposes and do not determine how the investment manager invests the fund's assets. The MSCI AC Asia Pacific ex Japan High Dividend Yield (Net TR) index is also used for sustainability score comparison. The benchmark(s) does/do not take into account the environmental and social characteristics or sustainable objective (as relevant) of the fund.

#### **Use of derivatives / investment in derivatives**

The fund's net derivative exposure may be up to 50% of the fund's net asset value.

#### **What are the key risks?**

**Investment involves risk. Please refer to the offering document for details including the risk factors.**

##### **1. 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. 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.

**4. Risks related to investment in the People's Republic of China (the "PRC")**

Investing in the securities market in the PRC is subject to the risks specific to the PRC market including change in political, social or economic policy risk, liquidity and volatility risk, currency and exchange risk.

- **Change in political, social or economic policy risk**— The investment will be sensitive to any significant change in political, social or economic policy in the PRC which may adversely affect the capital growth and thus the fund performance.
- **Legal and regulatory risk**— The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. PRC companies are required to follow the PRC accounting standards and practice which may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the fund.
- **Liquidity and volatility risk**— Compared with the choice available in other markets, there is a low level of liquidity in the A-Shares and B-Shares of the PRC markets. This could potentially lead to severe price volatility.
- **Currency and exchange risk**— The PRC government's control of currency conversion and exchange rates may adversely affect the operations and financial results of the companies invested in by the fund.
- **PRC taxation consideration**— The fund investing in securities issued by companies resident in the PRC are subject to dividend withholding tax but are not currently subject to capital gains tax in the PRC. The tax laws, regulations and practice in the PRC are inherently uncertain and liable to change without prior notice. They may also be changed with retrospective effect. The fund does not currently make any provision for Chinese capital gains tax. If appropriate, a provision may be introduced for the fund to cover capital gains tax, withholding taxes or other taxes. Consequently, investors may be advantaged or disadvantaged depending upon the final rules.

**5. Risks related to investments via the Stock Connect**

The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the fund's ability to achieve its investment objective could be negatively affected.

**6. Risks relating to ChiNext market and/or STAR Board**

- **Higher fluctuation on stock prices and liquidity risk** – Listed companies on ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- **Over-valuation risk** – Stocks listed on ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- **Differences in regulation** – The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.
- **Delisting risk** – It may be more common and faster for companies listed on ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the fund if the companies that it invests in are delisted.
- **Concentration risk** – STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the fund to higher concentration risk.

Investments in the ChiNext market and/or STAR Board may result in significant losses for the fund and its investor.

**7. Risks related to investments in China market access products**

The fund may use China market access products (e.g. participatory notes) to gain exposure to China A-Shares indirectly. This involves additional risks including lack of a secondary market in such instruments, illiquidity of the underlying securities, difficulty in selling these instruments at times when the underlying markets are closed and counterparty default risk.

**8. Risks related to investments in other funds with China access**

- Investing in other funds may result in additional operating fees and expenses from the underlying funds.
- The fund may invest in other funds with China access through QFI status. Therefore, the fund is indirectly exposed to the risks associated with the QFI regime such as suspension or revocation of the QFI status, as well as repatriation and liquidity risks.

**9. Derivatives**

The fund may use derivatives to meet its specific investment objective. There is no guarantee that the performance of derivatives will result in a positive effect for the fund. Derivative exposure may lead to a high risk of significant capital loss. Risks associated with derivatives include credit risk and counterparty risk, liquidity risk, valuation risk, volatility risk, over-the-counter transaction risks and hedging risk. The leverage element/component of derivatives can result in a loss significantly greater than the amount invested in the derivatives by the fund. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. In adverse situations, the use of hedging instruments may become ineffective in hedging and the fund may suffer significant losses.

**10. 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.

### 11. Smaller companies risk

Fund invests in smaller companies may fluctuate in value more than other funds and may be more vulnerable to adverse developments than those in larger companies. During periods where markets are falling, securities of smaller companies may become less liquid and experience short-term price volatility and wide spreads between dealing prices.

### 12. 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.
- Investments in distribution share classes with fixed dividend policy are not an alternative to a savings account or fixed-interest paying investment. The percentage of distributions paid by distribution share classes with fixed dividend policy is unrelated to expected or past income or returns of these share classes or the fund. The distribution can thus be higher or lower than the income and return that were effectively realised.
- Distribution share classes with fixed dividend policy will continue to distribute in periods that the fund has negative returns or is making losses, which further reduces the net asset value of the distribution Share Classes with fixed dividend policy. In extreme circumstances, investors may not be able to get back the original investment amount.
- Investors should note that a positive distribution yield does not imply a positive return. Distribution share classes with a fixed dividend policy do not distribute a fixed amount and the constant percentage of distribution results in higher absolute distributions when the net asset value of the relevant Distribution share classes with fixed dividend policy is high, and lower absolute distributions when the net asset value of the relevant distribution share classes with fixed dividend policy is low.
- **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.

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

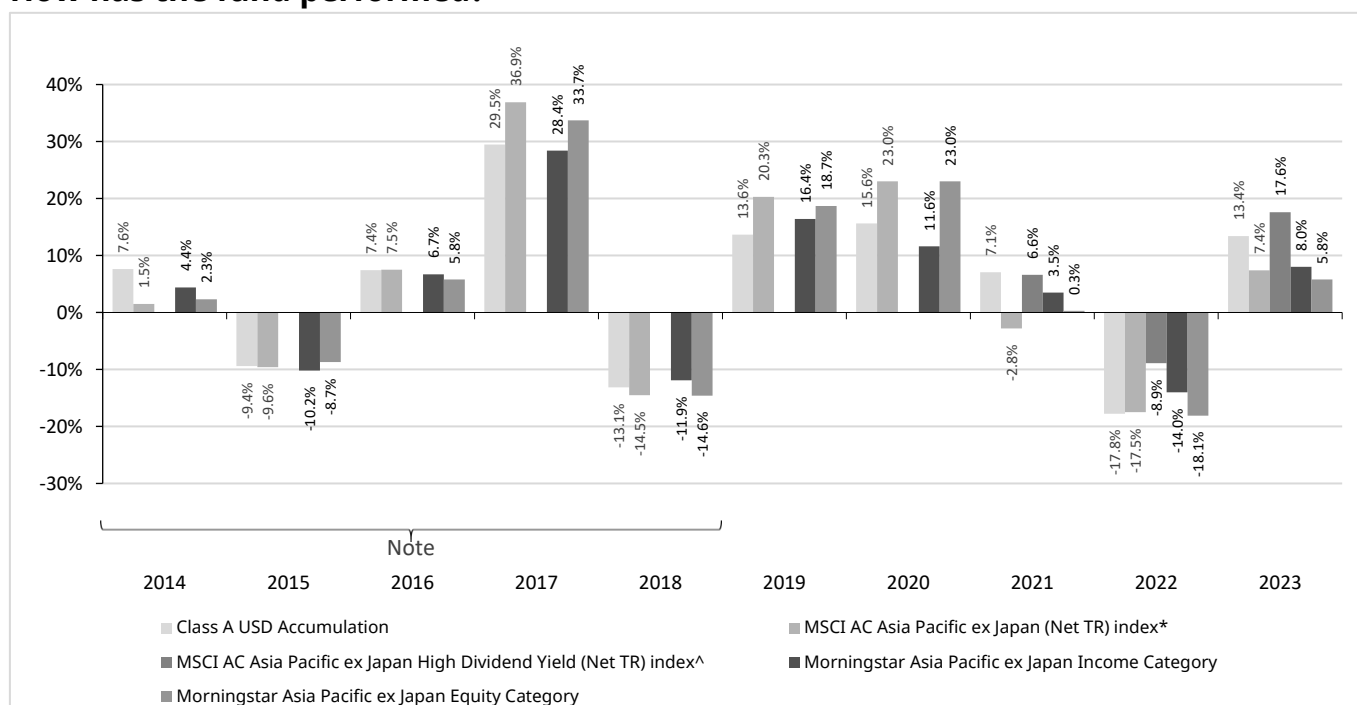
- In respect of the share classes which the management company of the fund has the ability to fully hedge the shares of such share classes in relation to the fund currency, currency exposures or currency hedging transactions within the fund's portfolio will not be considered. The aim of a currency hedged 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 fund currency and the reference currency. However there is no assurance that the hedging strategies employed will be effective in fully eliminating the currency exposure to the reference currency thereby delivering performance differentials that are reflective only of interest rate differences adjusted for fees.

- Where undertaken, the effects of this hedging will be reflected in the net asset value and, therefore, in the performance of such share class. Similarly, any expenses arising from such hedging transactions will be borne by the share class in relation to which the expenses have been incurred.
- It should be noted that, where relevant, these hedging transactions may be entered into whether the reference currency is declining or increasing in value relative to the relevant fund currency and so, where such hedging is undertaken it may substantially protect investors in the relevant share class against a decrease in the value of the fund currency relative to the reference currency, but it may also preclude investors from benefiting from an increase in the value of the fund currency.

#### **14. Currency risks**

Assets and share classes may be denominated in currencies other than USD 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 the US Dollar. 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 USD Accumulation increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Target benchmark: MSCI AC Asia Pacific ex Japan (Net TR) index\*
- Comparator benchmarks: MSCI AC Asia Pacific ex Japan High Dividend Yield (Net TR) index^, Morningstar Asia Pacific ex Japan Income Category and Morningstar Asia Pacific ex Japan Equity Category
- Fund launch date: 2004
- Class A USD Accumulation launch date: 2004
- The management company views the Class A USD Accumulation, being the retail share class denominated in the base currency of the fund, as the most appropriate representative share class of the fund.

Note: The performance of these years was achieved under circumstances that no longer apply. During these years, there were material changes to the fund, namely, changes of investment objective and policy and reduction of fee(s).

\* With effect from 1 May 2021, the Target Benchmark of the fund has been changed from MSCI AC Pacific ex Japan (Net TR) index to MSCI AC Asia Pacific ex Japan (Net TR) index in order to better reflect the relevant geographical universe of the fund's investment strategy.

^ With effect from 1 May 2021, a new comparator benchmark, the MSCI AC Asia Pacific ex Japan High Dividend Yield (Net TR) index, has been added for the fund for the purpose of better performance comparison.

## 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.

<b>Fee</b>	<b>What you pay</b>	
<b>Share class</b>	A	A1
<b>Subscription fee (Initial charge)</b>	Up to 5.00% of the total subscription amount	Up to 4.00% of the total subscription amount
<b>Switching fee (Switching charge)</b>	Up to 1.00% of the value of the shares to be switched	
<b>Redemption fee (Redemption charge)</b>	Nil	

**Ongoing fees payable by the fund**

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

	<b>Annual rate (as a % of the net asset value of the fund)</b>	
<b>Share class *</b>	A	A1
<b>Management fee (Annual Management Charge)</b>	1.50%	
<b>Depositary fee</b>	Up to 0.005%	
<b>Performance fee</b>	Nil	
<b>Administration fee</b>	Up to 0.25%	
<b>Distribution charge (Annual Distribution Charge)</b>	Nil	0.50%
<b>Custody safekeeping fee</b>	Up to 0.3%	
<b>Transaction fees (charged by the Depositary)</b>	Up to USD75 per transaction	
<b>Fund accounting and valuation fees</b>	Up to 0.0083%	

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

**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 or the transfer agent's delegate, The Hongkong and Shanghai Banking Corporation 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.