

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 Limited, located in the United Kingdom, 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.			
Depositary:	J.P. Morgan SE – Luxembourg Branch			
Ongoing charges over a year*:	Class A EUR Dis QV	0.93%	Class A EUR Acc	0.93%
	Class A1 EUR Acc	1.48%	Class A1 USD Acc	1.48%
	Class A1 EUR Dis QV	1.48%		
Dealing frequency:	Daily			
Base currency:	EUR			
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. The distribution frequency is indicated in the share class designation as follows: M = monthly, Q = quarterly, S = semi-annual, A = annual			
	Distributions may be paid out of capital and reduce the fund's net asset value.			
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.

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 EURO Aggregate index after fees have been deducted over a three to five year period^{Note} by investing in fixed and floating rate securities denominated in Euro.

^{Note} 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 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 issued by financial institutions with loss-absorption features (e.g. contingent convertible bonds, Additional Tier 1, Tier 1 and Tier 2 capital notes, senior non-preferred notes, senior and subordinated bonds issued by holding companies of a financial institution). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

The fund may invest up to 10% of its net asset value in insurance-linked securities ("ILS"), such as catastrophe bonds, issued outside Hong Kong and/or any ILS-related products, such as derivatives or structured products whose returns are linked to the performance of any ILS and collective investment schemes whose investment objective or principal investment strategy is investing in ILS. For the avoidance of doubt, the fund will not invest in ILS issued in Hong Kong and their repackaged products and derivatives.

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, long and short, with the aim of achieving investment gains, reducing risk or managing the fund more efficiently.

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 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.

Benchmark

The fund's performance should be assessed against its target benchmark being to exceed the Bloomberg 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. 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. 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.
- **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.

3. 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.

4. 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.

5. 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.
- **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.

6. 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.

7. 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.

8. 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.

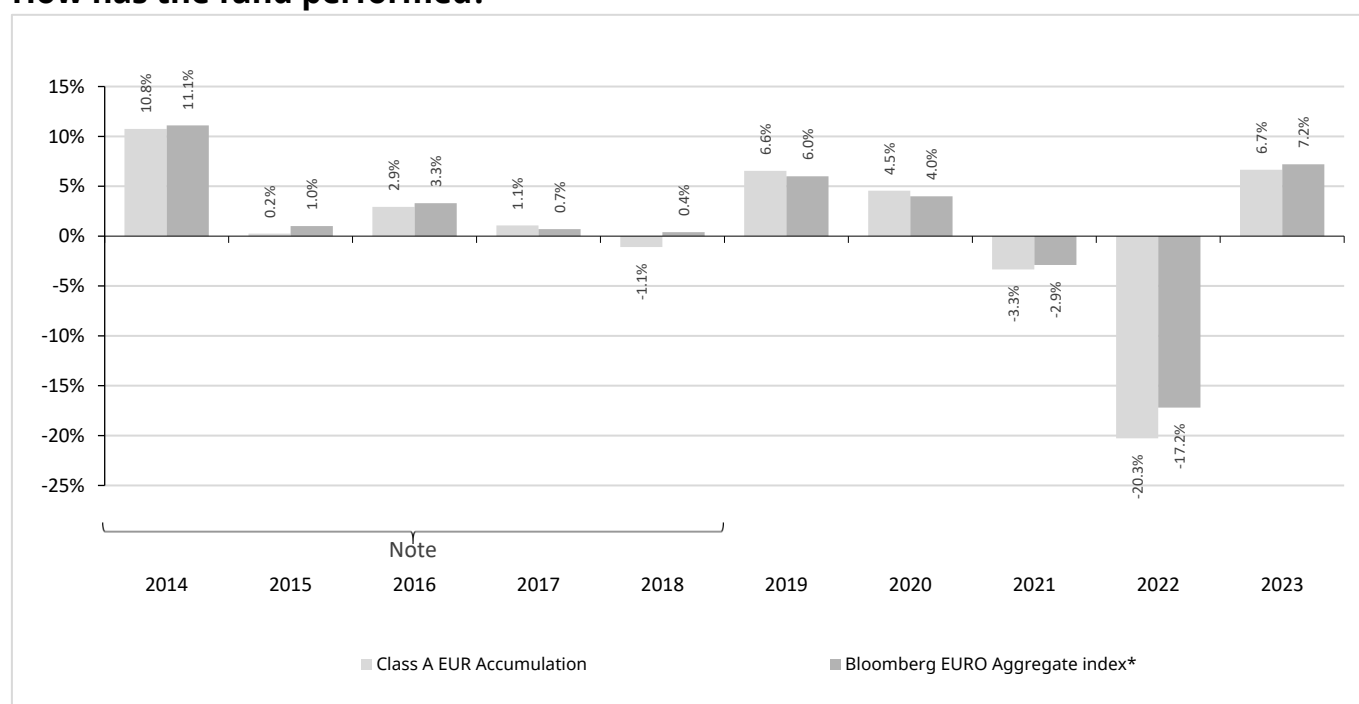
9. Risks relating to distributions

- For distribution share classes with a general dividend policy, expenses will be paid out of capital rather than out of gross income. The amount of distributable income therefore increases and the amount so increased may be considered to be dividend paid out of capital; capital growth will be reduced and in periods of low growth capital erosion may occur.
- 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.**

10. 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 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 were material changes to the fund, namely, changes of investment objective and policy, change of investment delegate and reduction of fee(s).

* Formerly known as Bloomberg Barclays EURO Aggregate index

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
Subscription fee (Initial charge)	Up to 3.00% of the total subscription amount	Up to 2.00% of the total subscription amount
Switching fee (Switching charge)	Up to 1.00% of the value of the shares to be switched	
Redemption fee (Redemption charge)	Nil	

Ongoing fees payable by the fund

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

	Annual rate (as a % of the net asset value of the fund)	
Share class	A	A1
Management fee (Annual Management Charge)	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%
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%	

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). 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. 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. 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.