

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

October 2013

***This statement provides you with key information about this product.
This statement is a part of the offering document and should be read in conjunction
with the offering document.
You should not invest in this product based on this statement alone.***

Quick facts

Management company:	Schroder Investment Management (Luxembourg) S.A.
Investment manager:	Schroder Investment Management Limited, located in the United Kingdom, internal delegation
Custodian:	J.P. Morgan Bank Luxembourg S.A.
Dealing frequency:	Daily
Base currency:	USD
Dividend policy:	<p>A, A1 and D Accumulation share class – Dividend will not be distributed but will be reinvested into the fund.</p> <p>A, A1 and D Distribution share class – The board of directors has discretion as to whether or not to make any distribution.</p> <p>Distributions may be paid out of capital and reduce the fund's net asset value.</p> <p>The board of directors of Schroder International Selection Fund will periodically review the distribution share classes and reserve the right to change the rate and/or frequency of distributions of distribution share classes, subject to one month's prior notification to the relevant shareholders. If the board of directors does not intend to retain the flexibility to pay dividends or expenses out of capital, the change will be subject to the SFC's prior approval and one month's prior notification to the relevant shareholders.</p>
Financial year end of this fund:	31 December
Minimum investment:	A, A1 and D share class: Initial – EUR1,000 or USD1,000; Subsequent investment – EUR1,000 or USD1,000

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

To provide capital growth primarily through investment in equity and equity related securities of frontier markets companies.

Frontier markets are countries included in the MSCI Frontier Markets Index or any other recognised Frontier Markets financial index. Frontier Markets include, but are not limited to Kuwait, Qatar, United Arab Emirates, Bangladesh, Nigeria and Argentina.

Use of financial derivative instruments (“FDI”)

The fund may employ FDI for hedging and investment purposes. FDI can be used for instance to create market exposure. Such FDI include equity, currency, volatility or index related FDI and 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 may use FDI extensively to meet its specific investment objective. However, the fund does not intend to use FDI extensively for investment purposes.

What are the key risks?

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

1. 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, 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.

2. Frontier markets risk

Frontier market countries generally have smaller economies or less developed capital markets than traditional emerging markets, and, as a result, the risks of investing in emerging market countries are magnified in frontier countries. Investing in frontier markets is generally subject to the risks of investing in the emerging and less developed markets, which are different from or greater than risks of investing in the securities of developed countries. Such risks include:

- **Ownership and custody risks** – In certain emerging and less developed countries, no certificates representing shareholdings in companies will be held by the custodian or any of its local correspondents or in an effective central depository system. The fund may lose its registration and ownership of the securities through fraud, negligence or even mere oversight as a result of this system and the lack of effective state regulation and enforcement, and hence interests of shareholders of the fund may be adversely affected.
- **Political and economic risks** – Emerging market securities may be subject to greater social, economic and political uncertainty and instability and more substantial governmental involvement in the economy.
- **Market and settlement risks** – Although securities in which the fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organized than those of developed markets.
- **Liquidity and volatility risk** – Securities markets with smaller market capitalisation may suffer periods of relative illiquidity and significant price volatility.
- **Legal and regulatory risks** – Supervisory authorities may be unable to apply standards that are comparable with those in developed markets. Some emerging and less developed market countries may have less governmental supervision and regulation, less uniform auditing and financial reporting standards which may result in unavailability of material information about issuers, less developed legal systems and less well-defined tax laws and procedures. Hence, interests of shareholders of the fund may be adversely affected.
- **Execution and counterparty risk** – There may be risks that settlement may be delayed and that cash or securities belonging to the fund may be in jeopardy because of failures of or defects in the settlement systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market.
- **Currency risk** – Assets of the fund may be denominated in currencies other than US dollar and some may not be freely convertible. It may not be practicable or possible to hedge against foreign exchange or currency risk exposure of the fund.

3. 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.

4. FDI

The fund may use FDI to meet its specific investment objective. There is no guarantee that the performance of FDI will result in a positive effect for the fund. FDI exposure may lead to a high risk of significant capital loss. Risks associated with FDI include credit risk and counterparty risk, liquidity risk, valuation risk, volatility risk, over-the-counter transaction risks and 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. Performance fee risk

Performance fee of the fund is calculated with reference to the outperformance per share (as described in the “Performance fee” section below). In the event of outperformance, investors are subject to a performance fee regardless a loss in investment capital has been suffered by the investors.

6. 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.
- Distributions from capital may include a premium or discount which is determined by differences in the interest rates of the reference currency of the hedged share class and the fund currency. It is possible that there may be an increase in the amount of the distribution that is paid out of capital and hence a greater erosion of capital than other share classes. The distribution and net asset value of the share class may be positively or adversely affected by the differences in the interest rates of the reference currency of the hedged share class and the fund currency. The distribution and net asset value of the hedged share class may, therefore fluctuate more than, and may significantly differ from, other share classes.
- 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 of shares.**

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 5.00% of the total subscription amount	Up to 4.00% 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	1.50%	1.50%	1.50%
Custodian fee	Up to 0.005%		
Performance fee	<ul style="list-style-type: none"> – Performance Fee = Outperformance per share (as defined below) x average number of shares in issue during the accounting period x 15% – Performance fee becomes due in the event of outperformance, that is, <ul style="list-style-type: none"> (i) if the increase in the net asset value per share during the relevant performance period exceeds the increase in the relevant benchmark over the same period; and (ii) the net asset value per share at the end of the relevant performance period exceeds the high water mark, i.e. the net asset value per share at the end of the previous performance period or if no previous performance period the net asset value per share at launch or when the performance fee was introduced, <p>where</p> <p>the performance period shall normally be each financial year except that</p> <ul style="list-style-type: none"> (a) where the net asset value per share as at the end of the financial year is lower than the high water mark, the performance period shall commence on the date of the high water mark, or (b) where there is no previous performance period, the performance period shall commence when the performance fee was introduced. 		

	<ul style="list-style-type: none"> – Outperformance per share is the difference between <ul style="list-style-type: none"> (i) the net asset value per share, and (ii) the higher of: <ul style="list-style-type: none"> (a) the target net asset value per share (i.e. the hypothetical net asset value per share assuming a performance based on the benchmark until the preceding dealing day); or (b) the high water mark. – Performance fee is accrued on each dealing day and payable yearly. In addition, if shares are redeemed or switched out before the end of a performance period, any accrued performance fee with respect to such shares will be crystallized on that dealing day and become payable. – Relevant benchmark of the fund is MSCI Frontier Markets TR. – For details, please refer to “Performance Fees” section of the offering document. 		
Administration fee	Up to 0.4%		
Distribution fee	Nil	0.50%	1.00%
Custody safekeeping fee	Up to 0.5%		
Transaction fees (charged by the custodian)	Up to USD150 per transaction		
Fund accounting and valuation fees	Up to 0.02%, subject to an annual minimum fee of USD20,000		

Other fees

You may have to pay other fees when dealing in the shares of the fund. Please refer to “Other Charges and Expenses” of 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 Schrodors’ Internet site (www.schrodors.com.hk).
- The net asset value of this fund is calculated and the price of shares is published on each business day in the South China Morning Post and the Hong Kong Economic Times. They are also available online at www.schrodors.com.hk.

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.