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8 July 2016

Dear Shareholder,

**Schroder International Selection Fund — Japanese Equity Alpha
merger with Schroder International Selection Fund — Japanese Equity**

We are writing to advise you that on 17 August 2016 (the **Effective Date**), Schroder International Selection Fund — Japanese Equity Alpha (the **Merging Fund**) will merge with Schroder International Selection Fund — Japanese Equity (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.

The Merger was authorised by the Commission de Surveillance du Secteur Financier on 25 January 2016.

Investment objectives and policies

Both the Merging Fund and the Receiving Fund have the primary objective to provide capital growth through investment in shares in Japanese companies. The Receiving Fund has a more diversified portfolio compared to the Merging Fund which is managed in a more concentrated manner. The Merging Fund has a focus on small and medium sized companies whilst the Receiving Fund has no bias to company size. The Merging Fund and the Receiving Fund have the same synthetic risk and reward indicator¹.

Share classes and annual investment management fee changes

The table below summarises the annual investment management charge (the **AMC**) and ongoing charges (the **OGC**) for the share classes of the Merging Fund and the Receiving Fund. Please note that the OGC includes the AMC and all other applicable charges and expenses.

Share class	Merging Fund		Receiving Fund	
	AMC	OGC	AMC	OGC ²
A	1.50%	1.94%	1.25%	1.66%
C	1.00%	1.34%	0.75%	1.06%
I	0.00%	0.10%	0.00%	0.06%

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

¹ The synthetic risk and reward indicator (SRRI) defines the risk category of the fund in its key investor information document (KIID) and is calculated based on the volatility of returns.

² 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 2015.

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 the management company of the Schroder International Selection Fund (the **Management Company**) 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.

Merger

This Merger notice is required by Luxembourg law.

Upon review, the board of directors of Schroder International Selection Fund concluded that, given the similarity in strategy between the Merging Fund and the Receiving Fund, shareholders in the Merging Fund will benefit from a merger with the Receiving Fund. Shareholders in the Merging Fund will be merged into a sub-fund which will give shareholders access to capital growth potential with the same risk profile but at a lower ongoing charge. The Merging Fund has approximately 2,208 million JPY under management as of 31 May 2016 while the Receiving Fund has approximately 334,126 million JPY under management as of the same date. Although the two sub-funds focus on different target companies, the Receiving Fund will operate under similar investment criteria and strategy as the Merging Fund but with a broader investment universe. As a result of the Merger, there will be no change of legal entities acting as investment manager or of the investment teams which currently manage the Merging Fund.

— Costs and expenses of the Merger

The Merging Fund has no 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 11 August 2016, in order to account for the market-related transaction costs associated with the disposal of any investments that would not fit well in 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 unlikely event that there are net inflows to the Merging Fund during this period the net asset value per share will be adjusted upwards. Costs associated with portfolio trading required to align the Merging Fund's portfolio with that of the Receiving Fund from 11 August 2016 to the date of the Merger will be included in the calculation of the net asset values per share calculated for those days. 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 will receive an equal amount by value of shares of the corresponding class (as described under section "Share classes and annual investment management fee changes" above) in the Receiving Fund, calculated at the net asset value per share of the Merging Fund and the Receiving Fund on the Effective Date.

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.

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 18 August 2016, 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 10 August 2016.

We 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 might charge transaction fees. Local agents might 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 the Management Company before the 1.00 p.m. Luxembourg time deal cut-off on 10 August 2016.

Subscriptions or switches into the Merging Fund from new investors will not be accepted after deal cut-off on 8 July 2016. 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 10 August 2016 (deal cut-off at 1.00 p.m. on 10 August 2016).

— **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.

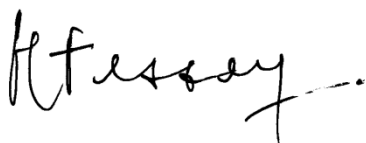
— **Further information**

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 the affected share class with the highest OGC (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,



Noel Fessey
Authorised Signatory



Nathalie Wolff
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 Schroder International Selection Fund. Full details are set out in the Prospectus and shareholders are also advised to consult the KIID of the Receiving Fund which accompanies this letter.

	Merging Fund Schroder ISF — Japanese Equity Alpha	Receiving Fund Schroder ISF — Japanese Equity
Prospectus Investment Objective and Policy	To provide capital growth primarily through investment in equity securities of Japanese companies. In order to achieve the objective the Investment Manager will invest in a select portfolio of securities, which it believes offer the best potential for future growth.	To provide capital growth primarily through investment in equity securities of Japanese companies.
KIID Objectives and Investment Policy	<p>Objectives</p> <p>The fund aims to provide capital growth.</p> <p>Investment Policy</p> <p>At least two-thirds of the fund (excluding cash) will be invested in a concentrated range of shares of Japanese companies. 'Alpha' funds invest in companies in which we have a high conviction that the current share price does not reflect the future prospects for that business. The fund will typically hold fewer than 50 companies. The fund has an emphasis on small and medium-sized companies. In terms of investment research, this area of the market is not as widely covered as the largest companies in Japan. As a result, there is considerable scope for our intensive company-by-company research to uncover good investment opportunities that have been overlooked by other investors. The fund may also invest in other financial instruments and hold cash on deposit. Derivatives may be used to achieve the investment objective and to reduce risk or manage the fund more efficiently.</p>	<p>Objectives</p> <p>The fund aims to provide capital growth.</p> <p>Investment Policy</p> <p>At least two-thirds of the fund (excluding cash) will be invested in shares of Japanese companies. The fund has no bias to any particular industry or size of company. We look to invest in companies that can continue to grow their profits and with management teams focused on improving efficiency, as we believe these have the best prospects over the longer term. The fund may also invest in other financial instruments and hold cash on deposit. Derivatives may be used to achieve the investment objective and to reduce risk or manage the fund more efficiently.</p>
Synthetic Risk and Reward Indicator (SRRI)	Category 6	Category 6
Profile of the Typical	The Fund may be suitable for Investors who are more concerned	The Fund may be suitable for Investors who are seeking long term

	Merging Fund Schroder ISF — Japanese Equity Alpha	Receiving Fund Schroder ISF — Japanese Equity
Investor	with maximising long term returns than minimising possible short term losses.	growth potential offered through investment in equities.
Fund Category	Alpha Equity Funds	Mainstream Equity Funds
Fund Currency	JPY	JPY
Launch Date	27 February 2004	02 August 1993
Total Fund Size (million) as at 31 May 2016	JPY 2,208 million	JPY 344,126 million
Dealing Cut-off Time and Settlement Periods for Subscriptions and Redemptions	<p>Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>	<p>Orders must reach the Management Company before 13:00 Luxembourg time on the dealing day to be executed that day.</p> <p>The settlement periods for subscription and redemption are within three business days following a dealing day.</p>
Initial Charge	<p>A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share)</p> <p>C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share)</p> <p>I: None</p>	<p>A: up to 5.00% of the total subscription amount (equivalent to 5.26315% of the Net Asset Value per Share)</p> <p>C: up to 1% of the total subscription amount (equivalent to 1.0101% of the Net Asset Value per share)</p> <p>I: None</p>
Management Fees by Share Class	<p>A: 1.50% per annum</p> <p>C: 1.00% per annum</p> <p>I: 0.00% per annum</p>	<p>A: 1.25% per annum</p> <p>C: 0.75% per annum</p> <p>I: 0.00% per annum</p>
On-Going Charge	<p>A: 1.94% per annum</p> <p>C: 1.34% per annum</p> <p>I: 0.10% per annum</p>	<p>A: 1.66% per annum</p> <p>C: 1.06% per annum</p> <p>I: 0.06% per annum</p>

Existing and New Share Class Mapping

Merging Fund Schroder ISF — Japanese Equity Alpha		Receiving Fund Schroder ISF — Japanese Equity	
Existing Share Class Held	ISIN Codes	New Share Class to be Held	ISIN Codes
A Accumulation JPY	LU0186876743	A Accumulation JPY	LU0106239873
C Accumulation JPY	LU0186877477	C Accumulation JPY	LU0106240533
C Accumulation EUR	LU0308241487	C Accumulation EUR	LU1046231665
A Accumulation USD	LU0188096050	A Accumulation USD*	Not yet available
C Accumulation EUR Hedged	LU0762284346	C Accumulation EUR Hedged	LU0236738356
I Accumulation EUR Hedged	LU0762284692	I Accumulation EUR Hedged	LU0236738869

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.

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Japanese Equity

a sub-fund of Schroder International Selection Fund SICAV

Class A Accumulation JPY (LU0106239873)

This fund is managed by Schroder Investment Management (Luxembourg) S.A., which is a member of the Schroders Group.

Objectives and Investment Policy

Objectives

The fund aims to provide capital growth.

Investment Policy

At least two-thirds of the fund (excluding cash) will be invested in shares of Japanese companies. The fund has no bias to any particular industry or size of company.

We look to invest in companies that can continue to grow their profits and with management teams focused on improving efficiency, as we believe these have the best prospects over the longer term.

The fund may also invest in other financial instruments and hold cash on deposit. Derivatives may be used to achieve the investment objective and to reduce risk or manage the fund more efficiently.

Benchmark

This share class is managed with reference to the Tokyo Stock Exchange 1st Section Index (TOPIX) (TR). The manager invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark.

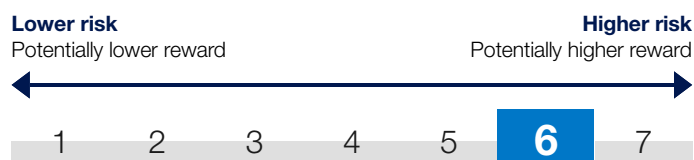
Dealing Frequency

You may redeem your investment upon demand. This fund deals daily.

Distribution Policy

This share class accumulates income received from the fund's investments, meaning it is kept in the fund and its value is reflected in the price of the share class.

Risk and Reward Profile



The risk and reward indicator

The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk-free investment.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

Risk factors

The following risks may affect fund performance.

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.

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.

Charges

One-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	None

This is the maximum that might be taken out of your money before it is invested.

Charges taken from the fund over a year	
Ongoing Charge	1.66%
Charges taken from the fund under certain specific conditions	
Performance fee	None

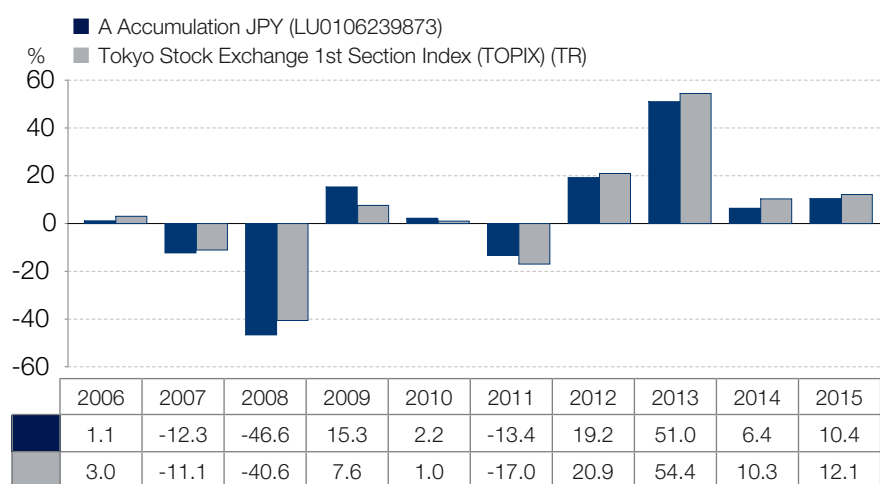
The charges you pay are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

The entry and exit charges shown are maximum figures and in some cases you might pay less. You can find out the actual entry and exit charges from your financial advisor.

The ongoing charges figure is based on the last year's expenses for the year ending December 2015 and may vary from year to year.

You can find more information about the charges in Section 3 of the fund's prospectus.

Past Performance



Past performance is not a guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the amount you originally invested.

The chart shows performance in Japanese yen after the ongoing charges and the portfolio transaction costs have been paid. Entry charges are excluded from calculations of past performance.

The fund was launched on 2 August 1993.

Practical Information

Depositary: J. P. Morgan Bank Luxembourg S.A.

Further Information: You can get further information about this fund, including the prospectus, latest annual report, any subsequent half-yearly report and the latest price of shares from the fund's management company at 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg, and from www.schroders.lu/kid. They are available free of charge in Bulgarian, English, French, German, Greek, Hungarian, Italian, Polish, Flemish, Dutch, Portuguese and Spanish.

Tax Legislation: The fund is subject to Luxembourg tax legislation which may have an impact on your personal tax position.

Liability: Schroder Investment Management (Luxembourg) S.A. may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the fund's prospectus.

Umbrella Fund: This fund is a compartment of an umbrella fund, the name of which is at the top of this document. The prospectus and periodic reports are prepared for the entire umbrella fund. To protect investors, the assets and liabilities of each compartment are segregated by law from those of other compartments.

Switches: Subject to conditions, you may apply to switch your investment into another share class within this fund or in another Schroder fund. Please see the prospectus for more details.

Remuneration Policy: a summary of Schroders' remuneration policy and related disclosures is at www.schroders.com/remuneration-disclosures. A paper copy is available free of charge upon request.

Glossary: You can find an explanation of some of the terms used in this document at www.schroders.lu/kid/glossary.