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**1 March 2012**

Dear Shareholder,

## **Schroder International Selection Fund Asian Bond Absolute Return**

The board of directors of Schroder International Selection Fund (the "Company") has decided to amend the investment objective of Schroder International Selection Fund Asian Bond Absolute Return (the "Fund") with effect from 2 April 2012 (the "Effective Date").

### **1. Amendment to the Fund's investment policy**

The purpose of this amendment is to authorise the investment manager of the Fund to implement long and short active currency positions.

The amended investment objective will be as follows (the amendment is indicated in bold type):

"To provide an **absolute** return of capital growth and income primarily through investment in a portfolio of bonds and other fixed and floating rate securities issued by governments, government agencies, supra-national and corporate issuers in Asia excluding Japan. **As part of its primary objective, the Fund also has the flexibility to implement long and short active currency positions either via currency forwards or via the above instruments.**"

Please note that switches or redemptions might affect the tax status of your investment and you might not be able to switch into certain sub-funds if they are not registered in your countries of citizenship, domicile or residence. We therefore recommend you to seek independent professional advice in these matters.

### **2. Change of methodology to calculate the global risk exposure of the Fund**

As a result of the change referred to under item 1. above, the volatility and risk of the Fund may increase and risk will be monitored using the Value-at-Risk methodology (instead of previously the commitment approach) which is explained in more detail in the Company's prospectus.

In addition, as a result of the implementation of the UCITS IV laws and regulations and of the change of methodology, we would like to provide you with additional information on (i) the global risk exposure of the Fund relating to its use of financial derivative instruments and on (ii) the expected level of leverage. More information on (i) the Value-at-Risk methodology and on (ii) the calculation of the level of leverage can be found in the Company's prospectus.

#### **Global Risk Exposure:**

"The Fund employs the absolute Value-at-Risk (VaR) approach to measure its global risk exposure."

"The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark, for example with absolute return funds. Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Fund. The absolute VaR limit of a Fund has to be set at or below 20% of its Net Asset Value. This limit is based upon a 1 month holding period and a 99% unilateral confidence interval."

**Expected level of leverage:**

"300% of the total net assets."

"The expected level of leverage may be higher when volatility decreases sustainably, when interest rates are expected to change or when credit spreads are expected to widen or tighten."

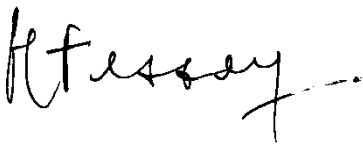
All other key features of the Fund will remain the same. The ISIN codes of the share classes affected by this amendment are listed in the appendix of this letter.

Any expenses incurred directly as a result of making this amendment will be borne by Schroder Investment Management (Luxembourg) S.A., the Company's management company.

We hope that you will remain invested in the Fund following this amendment, but if you wish to redeem your holding in the Fund or to switch into another of the Company's sub-funds before the Effective Date you may do so at any time up to and including deal cut-off on Friday 30 March 2012. Schroder Investment Management (Luxembourg) S.A. will execute your redemption or switch instructions in accordance with the provisions of the Company's 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 Schrodgers in Luxembourg before the deal cut-off on 30 March 2012.

If you would like more information, please contact your local Schrodgers office or your usual professional advisor or Schroder Investment Management (Luxembourg) S.A. on (+352) 341 342 212.

Yours faithfully,



**Noel Fessey**  
Authorised Signatory



**Gary Janaway**  
Authorised Signatory

**Appendix**

List of ISIN codes for share classes in the Fund affected by the investment objective amendment

<b>Share class</b>	<b>Share class currency</b>	<b>ISIN code</b>
A Accumulation	USD	LU0106250508
A1 Accumulation	USD	LU0133703115
B Accumulation	USD	LU0106250763
B1 Accumulation	USD	LU0133706217
C Accumulation	USD	LU0106251068
I Accumulation	USD	LU0134333219
A Distribution	USD	LU0091253459
A1 Distribution	USD	LU0160363239
B Distribution	USD	LU0091253533
B1 Distribution	USD	LU0169819827
C Distribution	USD	LU0091253616
D Distribution	USD	LU0417517975
A1 Accumulation	EUR	LU0251569942
A1 Distribution	EUR	LU0251570361
A Accumulation	HKD	LU0532872396
A Distribution	HKD	LU0532872552
A Accumulation	EUR Hedged	LU0327381843
A1 Accumulation	EUR Hedged	LU0327382148
C Accumulation	EUR Hedged	LU0327382064
I Accumulation	EUR Hedged	LU0327382221
A1 Distribution	EUR Hedged	LU0327382494
A Distribution	GBP Hedged	LU0242606829
A Accumulation	SGD Hedged	LU0358858032
I Accumulation	SGD Hedged	LU0384591714

The amendment will also apply to any additional share classes launched prior to the Effective Date.