Schroder Investment Management (Luxembourg) S.A.
5, rue Höhenhof, L-1736 Senningerberg
Grand Duchy of Luxembourg

Schroders

Tel: (+352) 341 342 202 Fax: (+352) 341 342 342

Allfunds Bank S.A. (Attn Corporate Actions Dept.)
Care of the Legal Department
C/Estafeta,6 (la Moraleja) Complejo Plaza de la Fuente - Edificio 3
E-28109 Alcobendas (Madrid)

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IMPORTANT: receipt of this letter does not imply that the sub-funds mentioned herein are covered by your agreement and/or are authorised for distribution to the public in the country in which you distribute, nor that the agreement you have in place with Schroder International Selection Fund or its management company, Schroder Investment Management (Luxembourg) S.A., entitles you to distribute all of the Company's sub-funds and share classes which are authorised in the country in which you distribute. Please refer to your agreement for further details.

Dear Sir / Madam,

Schroder International Selection Fund — Global Multi Asset Balanced[163] (the "Fund")

We are writing to inform you of the following change in the Fund.

The Global Multi-Asset Balanced strategy is managed with a disciplined approach to risk management and a philosophy of being well diversified across asset classes. The fund has a target, albeit not a guarantee, of limiting downside losses to a maximum of 10% over any 12 month horizon. It seeks to achieve this objective by employing quantitative and qualitative risk management techniques, including a systematic de-risking mechanism.

Given how financial markets have evolved over the last few years, we strongly believe that managing absolute drawdowns can be more efficiently achieved by removing the existing systematic de-risking mechanism and offering the fund managers the ability to determine the most appropriate actions for meeting the long-term investment objectives of the fund and its investors. There are three main reasons underpinning our decision of moving towards a less systematic approach:

1. Frequent short term volatility spikes: We believe that the more interventionist stance from global central banks since the onset of the great financial crisis has increased the likelihood of frequent and sudden reversals in prices, when volatility suddenly spikes and then rapidly falls back. In these scenarios, a systematic approach that is designed to remove market exposure as volatility increases is not appropriate - if the mechanism is triggered, its systematic approach could lead the strategy to be underinvested during any subsequent market rebound.

2. Rates in negative territory: Since the launch of the strategy, money market rates in Europe have reduced by over 1% and are now negative. One of the consequences of negative money market interest rates is the increased cost to the fund of holding cash. The systematic approach would be detrimental to

[163] On June 1 2016 SISF Global Dynamic Balanced changed name to SISF Global Multi-Asset Balanced

our process given that the fund may be forced to own at least 90% of cash at specific drawdown thresholds.

3. High transaction costs: Since the strategy launched in 2009, the transaction costs associated with some asset classes - for example corporate bonds - have exceeded our long-term estimates, particularly during episodes of broad market stress. We are concerned that a systematic approach that does not explicitly reflect those additional charges when triggered could materially increase the drag on overall performance.

Whilst the removal of the systematic de-risking approach will not affect the way the strategy is managed or its risk profile, we strongly believe this change will, over the course of time, act in the best interest of our shareholders.

If you would like more information, please contact your local Schroder office or Schroder Investment Management (Luxembourg) S.A. by sending an email to simluxcsm@schroders.com or calling (+352) 341 342 212.

Yours faithfully,

Cord Rodewald
Director

Nathalie Wolff
Director