Schroders

Schroder ISF Distribution shares

New share class designation

From **11 September 2018,** the Schroder ISF distribution share class names will incorporate some additional characters at the end of the existing name which will enable users to identify certain characteristics of the share class that are not currently distinguished within the name.

Overview of the change

The change involves providing additional information at the end of the share class name via several new characters, to indicate:

- Distribution frequency (**M** = monthly, **Q** = quarterly, **S** = semi-annual, **A** = annual)
- Distribution type (**F** = fixed or **V** = variable)
- Currency carry (**C**)
- Different distribution rates
  - This will enable the launch of multiple fixed distribution share classes with different distribution rates for the same fund
  - The actual fixed percentage or amount will not be displayed in the name, instead a numerical suffix will differentiate the share classes (e.g. **2**, **3**, **n**)

For the avoidance of doubt, the change will not affect the existing distribution characteristics of the share classes; the change is simply to indicate those characteristics within the share class name itself.

Example:

Existing share class name:	Schroder ISF Global High Yield EUR Hedged A DIS
New share class name:	Schroder ISF Global High Yield EUR Hedged A DIS **QV**

Existing share class name:	Schroder ISF Global High Yield AUD Hedged A DIS
New share class name:	Schroder ISF Global High Yield AUD Hedged A DIS **MFC**

The additional information provided in this example shows that the EUR and AUD Hedged classes have different characteristics.

The EUR Hedged class has a variable distribution paid quarterly whilst the AUD Hedged class has a fixed distribution paid monthly. It also pays out the currency premium (if there is any).

New naming convention table

Share class extension	Share type	Distribution frequency	Distribution percentage	Distribution amount	Distribution type	Currency carry
Acc	Accumulation	NA	NA	NA	NA	NA
Dis MF	Distribution	Monthly	NA	3	Fixed	NA
Dis MF2	Distribution	Monthly	7.25%	NA	Fixed	NA
Dis MF3	Distribution	Monthly	3.25%	NA	Fixed	NA
Dis QF	Distribution	Quarterly	3.00%	-	Fixed	NA
Dis SF	Distribution	Semi-annual	3.00%	-	Fixed	NA
Dis AF	Distribution	Annual	3.00%	-	Fixed	NA
Dis MFC	Distribution	Monthly	3.00%	-	Fixed	Currency carry
Dis QFC	Distribution	Quarterly	3.00%	-	Fixed	Currency carry
Dis SFC	Distribution	Semi-annual	3.00%	-	Fixed	Currency carry
Dis AFC	Distribution	Annual	3.00%	-	Fixed	Currency carry
Dis MV	Distribution	Monthly	NA	NA	Variable	NA
Dis QV	Distribution	Quarterly	NA	NA	Variable	NA
Dis SV	Distribution	Semi-annual	NA	NA	Variable	NA
Dis AV	Distribution	Annual	NA	NA	Variable	NA
Dis MVC	Distribution	Monthly	NA	NA	Variable	Currency carry
Dis QVC	Distribution	Quarterly	NA	NA	Variable	Currency carry
Dis SVC	Distribution	Semi-annual	NA	NA	Variable	Currency carry
Dis AVC	Distribution	Annual	NA	NA	Variable	Currency carry

Notes:

- Approximately 500 SISF distribution share classes will have their names amended
- The share class name will disclose if the share class is hedged. If the share class is unhedged, this will not be specified
- A currency carry share class will be denoted by the '**C**' but if a share class does not distribute any currency premium this will not be specified
- For fixed share classes, the fixed distribution rate or the fixed distribution amount will not be disclosed; however, the suffix '**2**, **3**, **n**' will be added to allow the distinction between the different share classes
- As is the case currently, the share class name will disclose if the share class is hedged (if the share class is unhedged, this will not be specified)

Frequently Asked Questions (FAQ)

How will existing fund documents be updated to reflect the changes?

The new share class naming designation will be reflected as follows:

Website (internal and external):	Will display the new name
Data providers:	Will receive and display the new name
Filenames for the KIID and Factsheet:	Will display the new name
KIID and Factsheet:	The current share class name at the top of the KIID and Factsheet will remain unchanged
KIID and Factsheet – distribution policy:	The KIID and Factsheet will state and describe the distribution policy e.g. fixed or variable etc.
Prospectus:	Will be updated during Q3 2018 to include the additional information on the share classes

Have we received regulatory confirmation that we do not need a shareholder mailing?
Yes. We have agreed our approach with our Luxembourg lawyers.

Will this adjustment be applied to other fund ranges?
Not currently, but system changes being made to accommodate this enhancement should be scalable to allow similar adaptations to other fund ranges in the future, if required.

Will smoothed classes i.e. variable fixed classes be named 'fixed' or 'variable' in the share class name?
Smoothed classes will be displayed as variable.

Are we making changes to the ISIN codes and GFAS codes?
There will be no changes to ISIN or GFAS codes.

Have you considered using roman numerals instead of F, F2, F3, etc. for different fixed distribution policies, to prevent the small chance of people confusing the number with the payout?
After due consideration we decided to use numbers, as having roman numerals impacts the length of the name and while helping some might bring confusion to others.

Are we changing the A/A1 reference? As we would need to update the distribution agreements.
No changes will be made to the share class references (for example A/A1 etc.). The changes are only applicable to the distribution type of each share class.

Are we changing the naming convention of Accumulation classes?
No changes will be made to the naming convention of Accumulation classes.

What happens if we change the distribution policy? E.g. if we changed a fixed distribution policy into a variable distribution policy.
As a result of this process we will be able to have a fixed and a variable version (so if a client wants to switch they can).

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17 August 2018

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Dear Sir, Madam,

Schroder International Selection Fund –new share class designation

Following a review of our share class offering we have decided to enhance the naming convention that we use. This will enable our investors to more easily identify the key characteristics of the distribution share classes that they are investing in.

The attached briefing note provides more detail on the changes that we are making.

If you have any questions about these changes please do not hesitate to contact your local Schroder office or Schroder Investment Management (Europe) S.A. by sending an email to simeucsm@schroders.com or calling (+352) 341 342 212.

Yours faithfully,

Vanessa Grueneklee
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