

M&G (Lux) Investment Funds FCP

Prospectus

A mutual fund (*fonds commun de placement*) established in Luxembourg in umbrella form as an Undertaking for Collective Investment in Transferable Securities (UCITS).

February 2021

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Important information for investors

Introduction

The Fund

M&G (Lux) Investment Funds FCP (the “Fund”) is an umbrella fund (*“Fonds commun de placement à compartiments multiples”*).

The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS). It is registered under Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended (the “2010 Law”) which transposes the UCITS Directive into Luxembourg law.

M&G Luxembourg S.A. acts as the management company of the Fund within the meaning of the 2010 Law. The Management Company is responsible for the provision of investment management, administrative, marketing and distribution services to the Fund.

The Sub-funds

Sub-Funds are created and operate within the Fund. The assets and liabilities of each Sub-Fund are segregated from those of other Sub-Funds; there is no cross-liability between Sub-Funds.

The Sub-Funds offer to investors a range of investment objectives and strategies which may be suitable to both retail and institutional investors.

The objective and investment policy of each Sub-Fund is defined by the Management Company. Please refer for details to the section “Sub-Fund Information”.

Investing in a Sub-fund

Before investing in a Sub-Fund, a prospective investor should understand the risks, costs, and terms of investment of that Sub-Fund and of the relevant Units. Investors should also understand how their investment would align with their own financial objectives and tolerance for investment risk.

Understanding the risks

When managing a Sub-Fund, the Investment Manager takes investment risks which are assessed to be commensurate with the Sub-Fund’s investment objective and investment policy.

However, it is the responsibility of the investor to understand whether the risks taken by the Sub-Fund are consistent with the investor’s investment goals and risk tolerances. Investors should read and consider the “Risk Information” section of this Prospectus before investing in a Sub-Fund.

The main risks an investor should consider are:

Value of investment - The price of Units can go up and down and as a result the value of investments and the income from them may rise and fall. Unitholders may not get back the amount they originally invested and lose money.

Performance of investment - Future earnings and investment performance can be affected by many factors and future performance will differ from past performance. There is no guarantee that any Sub-Fund will meet its investment objectives or achieve any particular level of performance.

Currency risk - If an investor subscribes or redeems in a currency which is different to the Valuation Currency of the relevant Sub-Fund or the currency of the Sub-Fund's assets, the changes in currency exchange rates may have a significant impact on the returns of the investment and may affect the value of the investment.

No guarantees as to the value of the investment, future performance of or future returns from the Fund can be given by the Management Company or by the Investment Manager.

Ability to invest in the Sub-funds

A number of factors determine the ability to invest in the Sub-Funds.

Only certain Sub-Funds and Units will be registered and therefore distributed in a given jurisdiction. The distribution of this Prospectus, the offering of Units for sale or the investment in Units is only legally permitted where the Units are registered for public sale or, where the offer or sale is not restricted or prohibited by local law or regulation.

Luxembourg - The Fund is registered pursuant to Part I of the 2010 Law. However, such registration does not represent a guarantee from any Luxembourg authority on the adequacy or accuracy of the contents of this Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorised and unlawful.

The Management Company may make applications to register and distribute the Units of the Fund in jurisdictions outside Luxembourg and may be required to appoint payment agents, representatives, distributors or other agents in the relevant jurisdictions.

European Union - The Fund is a UCITS for the purposes of the UCITS Directive and the Distributor proposes to market the Units in accordance with the UCITS Directive in certain member states of the EU / the EEA.

Non-European Union - The Management Company may apply to register and distribute selected Units of certain Sub-Funds in some non-EU / non-EEA jurisdictions.

United States

The Units in the Fund have not been and will not be registered under the United States Securities Act of 1933, as amended, or registered or qualified under the securities laws of any state of the United States and may not be offered, sold, transferred or delivered, directly or indirectly, to any investors within the United States or to, or for the account of, US Persons except in certain limited circumstances pursuant to a transaction exempt from such registration or qualification requirements. None of the Units have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Units or the accuracy or adequacy of the Prospectus. The Fund will not be registered under the United States Investment Company Act of 1940, as amended.

The Management Regulations give powers to the Management Company to impose such restrictions as it may think necessary for the purpose of ensuring that no Units in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Management Company might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered and, in particular, due to any US Persons being invested in the Fund. The Management Company may compulsorily redeem all Units held by any such person.

The Management Company reserves the right to request a written representation from investors stating their compliance with the above restrictions prior to accepting subscription requests.

Eligibility to invest in the Units of the Sub-Funds

Investors should read the section "Unit Classes" to verify which Unit Classes they are eligible to invest in. Some Units are available to all investors whereas other Units are only available to investors who meet certain eligibility requirements, such as qualifying as Institutional Investors.

In all cases, there are minimum investment and holding requirements which the Management Company may waive at its discretion.

Sub-Fund information for investors

In deciding whether or not to invest in a Sub-Fund, investors should read this Prospectus including the relevant sections on “Sub-Fund Information” and “Risk Information”.

Investors should also read the following documents which are not part of this Prospectus:

- the relevant KIID
- any relevant local disclosure document as may be required in a specific jurisdiction
- the application form including the terms and conditions
- the Management Regulations
- the Fund’s most recent annual report

All the documents listed above, together with any more recent semi-annual report, may be obtained from the Registrar and Transfer Agent, the Management Company or the Distributor.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, switch, redemption or disposal of Units of the Fund.

Applications for Units should only be made on the basis of this Prospectus and the KIID of the relevant Sub-Fund.

This Prospectus and the latest KIIDs of the Sub-Funds are also available from Société Générale Bank & Trust SA, Centre Opérationnel, 28-32, place de la Gare, L-1616 Luxembourg.

The Management Company may appoint local representatives or paying agents to operate transactions in Units in certain countries or markets in which the offer of Units has been approved. Investors can obtain the Prospectus, a KIID and/or other local offering document, the Management Regulations and the most recent annual report free of charge from these representatives.

By buying Units in a Sub-Fund, you are considered to accept the terms described in all these documents. No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Units and, if given or made, such information or representations must not be relied on as having been authorised by the Management Company. Neither the delivery of this Prospectus nor the allotment or issue of Units shall, under any circumstances, create any implication that there has been no change in the affairs of the Management Company or the Fund since the date hereof. In case of material changes in the information contained herein, this Prospectus will be updated.

This Prospectus is based on information, law and practice currently in force in Luxembourg (which may be subject to change) at the date hereof. The Management Company has taken all reasonable care to ensure that the information contained in this Prospectus is materially accurate and complete at the date of this Prospectus. In case of any inconsistency in translations of this Prospectus, the English version will prevail. The Management Company cannot be bound by an out of date Prospectus when it has issued a new Prospectus, and investors should check with the Administrative Agent or the Distributor that this is the most recently published Prospectus.

The Sub-Funds may target both retail and institutional investors. The investor profile of the typical investor for each Sub-Fund is described in the section “Sub-Fund Information”.

The provisions of the Management Regulations are binding on all Unitholders. By the acquisition of Units of the Fund, any Unitholder fully accepts the Management Regulations which determine the contractual relationship between the Unitholders, the Management Company and the Depositary.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise their Unitholder rights directly against the Fund if the investor is registered in their name in the Unitholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in

its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Unitholder rights directly against the Fund. Investors are advised to seek advice on their rights.

This Prospectus and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of Luxembourg. With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Prospectus (including any non-contractual obligations arising out of or in connection with it), each party irrevocably submits to the jurisdiction of the courts of Luxembourg.

Queries and Complaints

Any person who would like to receive information about the Fund or who wishes to make a complaint about the operation of the Fund should contact the Management Company, the Distributor or the Registrar and Transfer Agent (telephone: +352 2605 9944 or email: csmandg@rbc.com).

Sub-fund information

This section provides a description of the characteristics of each Sub-Fund.

Portfolio management

Investment objective, policy and approach - Portfolio management and investment process information relating to each Sub-Fund, see section “Sub-Fund Information”.

See section “Investment Restrictions” for general information including what is permissible under the 2010 Law and other applicable regulations.

All percentages and restrictions apply to each Sub-Fund individually, and all asset percentages are measured as a percentage of its total net assets, unless otherwise stated.

Derivatives - See section “Sub-Fund Information” for derivatives usage for each Sub-Fund.

See sections “Investment Restrictions” and “Use of Derivatives, Instruments and Techniques” for general information, including what is permissible under the 2010 Law and other applicable regulations. These sections also provide details on the purpose of derivatives usage for the Sub-Funds.

Risks - See section “Sub-Fund Information” for a list of the risks for each Sub-Fund; individual risks are described in section “Risk Information”.

Unit Classes

Eligibility - See section “Unit Classes”.

Investment minimums - See section “Unit Classes”.

Characteristics and naming conventions - See section “Unit Classes”.

Distributions - See section “Unit Classes”.

ISIN code - See applicable KIID.

Dealing

Cut-off time - See section “Sub-Fund Information”.

Placing dealing requests - See section “Buying, Switching, Redeeming and Transferring Units”.

Fees and charges

Charges, fees and expenses - Stated in section “Sub-Fund Information” and explained in section “Fees and Charges”.

Recent actual expenses - See applicable KIID for ongoing charges or the most recent annual report of the Fund.

Definitions

Defined terms - See section “Glossary”, which includes a description of general investment terms, and ESG and responsible investment terms.

M&G (Lux) Euro Credit Fund

Investment objective, policy and process

Investment objective

The Sub-Fund aims to provide a higher total return (the combination of capital growth and income) than that of the European investment grade corporate bond market over any five-year period.

Investment policy

Main investment - At least 70% of the Sub-Fund's Net Asset Value is invested in investment grade corporate bonds, denominated in any European currency.

The Sub-Fund may also invest in:

- below investment grade corporate bonds and unrated bonds;
- bonds issued by governments and public authorities;
- Asset-backed securities, up to 10% of the Sub-Fund's Net Asset Value.

Issuers of these securities can be domiciled in any country, with a maximum of 2.5% of the Net Asset Value in emerging markets. A maximum of 15% of the Net Asset Value may be invested in below investment grade corporate bonds, unrated bonds and contingent convertible debt securities.

Below investment grade corporate bonds have a minimum credit quality rating of BB- using the average rating available from independent ratings agencies e.g. Standard & Poor's, Moody's and Fitch.

Any non-Euro currency exposure is hedged back to the Euro.

Other investment - The Sub-Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes, i.e. UCITS / UCIs (including funds managed by M&G).

Derivatives - Used for investment purposes, efficient portfolio management and hedging. Derivatives may include, but are not limited to, swaps (such as credit default swaps, interest rate swaps, and total return swaps), currency forward contracts, exchanged traded futures, and credit linked notes.

Investment strategy

Investment approach - The Investment Manager believes that bond returns are driven by a combination of macroeconomic, asset, sector, geographic and stock-level factors. The investment process of the Sub-Fund is based on both a macroeconomic view and fundamental analysis of individual securities. A dynamic investment approach is followed, allowing the Investment Manager to change the blend of duration and credit exposure. The Sub-Fund is diversified by investing in a range of individual issuers, sectors and geographies.

Responsible investment approach - The Sub-Fund is categorised as ESG Integrated.

Please refer to the Glossary which includes a definition of ESG Integration.

Benchmark - ICE BofAML1-10yr Euro Large Cap Corporate Index.

The Sub-Fund is actively managed. The benchmark is a comparator against which the Sub-Fund's performance can be measured. The index has been chosen as the Sub-Fund's comparator benchmark as it best reflects the scope of the Sub-Fund's investment policy. The comparator benchmark also acts as a constraint as limits such as of sector and country weights and duration deviation from the benchmark apply to the Sub-Fund's portfolio construction.

Risks

Main risks - The Sub-Fund is exposed to the following main risks typically associated with the securities and instruments the Sub-Fund invests in or uses to seek to achieve its investment objective.

- Risk to capital & income will vary
- Credit
- Interest rate
- Securitised bonds
- Contingent convertible debt securities
- Counterparty
- Currency & exchange rate
- Derivative
- Liquidity

Investors should read the section “Risk Information” for a full description of each risk.

Risk management method - Relative VaR benchmarked against the ICE BofAML1-10yr Euro Large Cap Corporate Index.

Expected level of leverage in normal market conditions - 100% of the Net Asset Value.

The level of leverage is indicative. The actual level of leverage may exceed this level from time to time.

Investing in the Sub-fund

Investor profile

Suitable for investors with or without basic financial knowledge who:

- understand the risks of the Sub-Fund including the risk of capital loss
- aim to achieve growth of their investment and plan to invest for at least 5 years
- seek exposure to the European corporate bond market

Subscription, switch and redemption orders

Dealing - Requests received before 13:00 Luxembourg time on any Valuation Day will be processed that day

Dealing frequency - Daily on a Valuation Day

Sub-fund details

Launch date – 13 February 2020

Valuation Currency - EUR

Distribution policy - Quarterly

Unit Class Charges

The Management Company is entitled to receive a single charge expressed as a percentage of the NAV from each Unit Class of the Sub-Fund, as described in the table below, to cover the remuneration for its

duties, as well as operating, administration and oversight costs associated with the Sub-Fund.

The single charge is calculated and taken into account daily.

The single charge includes:

- Annual management charge
- Depositary charges
- Custody charges and custody transaction charges
- Paying agent charges
- Administration charges
- Service provider fees
- Unit Class hedging charges (where applicable)
- Other expenses
- The *taxe d’abonnement*

The single charge excludes:

- Portfolio transaction costs (dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Fund on the Sub-Fund’s transactions)
- Any initial charge or redemption charge
- Any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge imposed on the Sub-Fund that would not be considered as ordinary expenses

As the Sub-Fund may invest in collective investment schemes that are also managed by the Management Company (or an associate), the Management Company will rebate the annual management charge and administration charge (see section “Fees and Charges”) of the underlying collective investment scheme. No initial or redemption charge will apply at the level of the underlying collective investment scheme(s) to avoid any double charge.

Unit Classes	PI
Single charge	0.19%
Initial charge	N/A
Redemption charge	N/A

Risk information

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Different risks may apply to different Sub-Funds.

Investors should read this Prospectus and the main risks applicable to each Sub-Fund in the section “Sub-Fund Information” carefully and in its entirety and obtain professional advice on whether the Fund, or any of its Sub-Funds, is a suitable investment for them before making an application for Units.

General risks

Investors should be aware that there are risks inherent in the holding of securities:

Business risk

There can be no assurance that the Fund will achieve its investment objective in respect of any of the Sub-Funds. The investment results of a Sub-Fund are reliant upon the success of the Investment Manager.

Risk to capital & income will vary

The investments of a Sub-Fund are subject to normal market fluctuations and other risks inherent in investing in shares, bonds and other stock market related assets. These fluctuations may be more extreme in periods of market disruption and other exceptional events. There can be no assurance that any appreciation in value of investments will occur or that the investment objective will actually be achieved. The value of investments and the income from them will fall as well as rise and investors may not recoup the original amount they invested. Past performance is not a guide to future performance.

Depository – segregation, sub-custodians and insolvency risk

Where securities are held with a sub-custodian or by a securities depository or clearing system, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Management Company, on behalf of the Fund, may have to share that shortfall on a pro-rata basis. Securities may be deposited with clearing brokers which the Depository is not obliged to appoint as its sub-custodians and in respect of the acts or defaults of which the Depository shall have no liability. There may be circumstances where the Depository is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depository has complied with its duties.

The Fund is at risk of the Depository or a sub-custodian entering into an insolvency procedure. During such a procedure (which may last many years) the use by the Management Company, on behalf of the Fund, of assets held by or on behalf of the Depository or the relevant sub-custodian, as the case may be, may be restricted and accordingly (a) the ability of the Investment Manager to fulfil the investment objective of each Sub-Fund may be severely constrained, (b) the Management Company may be required to suspend the calculation of the Net Asset Value and as a result subscriptions for and redemptions of Units, and/or (c) the Net Asset Value may be otherwise affected. During such a procedure, the Fund is likely to be an unsecured creditor in relation to certain assets and accordingly the Management Company, on behalf of the Fund, may be unable to recover such assets from the insolvent estate of the Depository or the relevant sub-custodian, as the case may be, in full, or at all.

Market crisis and governmental intervention risk

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis without much or any notice with the consequence that some market participants’ ability to

continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to fulfil a Sub-Fund's investment objective. However, there is a high likelihood of significantly increased regulation of the global financial markets, and such increased regulation could be materially detrimental to the performance of a Sub-Fund's portfolio.

FATCA and compliance with US withholding tax requirements risk

Provisions under the US HIRE Act, known as the Foreign Account Tax Compliance Act (FATCA), generally will impose a 30% withholding tax on (a) certain US source payments (including interest and dividends) after 31 December 2013, (b) gross proceeds from the disposition of US equity or debt investments realised after 31 December 2016 and (c) starting no earlier than 1 January 2017, certain payments made by certain foreign entities to the extent the payments are treated as attributable to withholdable payments, unless the Management Company enters on behalf of the Fund into an FFI agreement with the IRS. Luxembourg has entered into an IGA (as defined under "Taxation – United States of America") relating to FATCA with the United States. It is the intention of the Management Company to comply with FATCA pursuant to the IGA. To comply, the Management Company will be required to, amongst other things, report on an annual basis information relating to the identity of certain investors (generally investors who are US taxpayers or who are owned by US taxpayers) and details relating to their holdings to the Luxembourg tax authorities.

A Unitholder that fails to provide promptly on request the required information to the Management Company (or, in the case of a Unitholder that is a "foreign financial institution" for purposes of FATCA, fails to itself enter into an FFI agreement with the IRS or otherwise comply with an applicable IGA) generally will be subject to the 30% withholding tax with respect to its Unit of any such payments directly or indirectly attributable to US investments of the Sub-Funds.

Although the Management Company will attempt to satisfy any obligations imposed on the Fund to avoid the imposition of this withholding tax, no assurance can be given that the Management Company will be able to satisfy these obligations. In circumstances where a Unitholder is identified as a person from whom information must be received or who is otherwise covered by FATCA, the Management Company at its discretion may choose to redeem such Unitholder's interest in any of the Sub-Funds or require such Unitholder to transfer such interest to a person not subject to FATCA and who is permitted in all other respects by the terms of the Prospectus to be an eligible Unitholder. If the Fund becomes subject to a withholding tax as a result of the US HIRE Act, the return of all Unitholders may be materially affected.

Hedging risk

Hedging transactions may be entered into using futures, forwards or other exchange-traded or OTC derivatives or by the purchasing of securities in order to hedge a Sub-Fund's exposure to foreign exchange risk. The Investment Manager may, as far as is reasonably practicable, seek to hedge out foreign currency exposure at Sub-Fund level by entering into forward foreign exchange transactions or other methods of reducing exposure to currency fluctuations.

If undertaken, portfolio hedging aims to reduce the Sub-Fund's level of risk or hedge the currency exposure to the currency of denomination of some or all of the securities held by the Sub-Fund. Any currency hedging undertaken at portfolio level may not fully hedge currency exposure and will not fully mitigate currency risk. Hedging transactions, while potentially reducing the risk of currency and inflation exposure which a Sub-Fund or a Unit Class may otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty, as described under the risk factor "Counterparty risk" below.

Prospective investors should note that there can be no assurance that any hedges which are in place from time to time will be effective.

Counterparty risk

On a day-to-day basis a Sub-Fund may trade with market participants in order to build assets which will give rise to short term counterparty risk. Additionally, a Sub-Fund may invest its assets in overnight deposits of credit institutions, money market funds, treasuries or other near cash securities. Such ancillary liquid assets may be held for longer periods where, due to market circumstances, the Management Company believes that it is in the Sub-Fund's best interest to do so. A Sub-Fund which trades in OTC derivatives will have exposure to its counterparty. It may not always be possible for a Sub-Fund to divide its OTC derivative transactions among a wide variety of counterparties and the inability to trade with any one counterparty could cause significant losses. While exchange-traded derivatives are generally considered lower-risk than OTC derivatives, there is still the risk that a suspension of trading in derivatives or in their underlying assets could make it impossible for a Sub-Fund to realise gains or avoid losses, which in turn could cause a delay in handling redemptions of Units. There is also a risk that settlement of exchange-traded derivatives through a transfer system might not happen when or as expected.

Counterparty credit risk is managed within an approved framework established by the Investment Manager Investment Performance and Risk Committee and reviewed annually. A thorough due diligence of counterparties is undertaken by the Investment Manager Risk team prior to commencement of business and this is subject to review at least once a year to ensure both their financial standing and that trading limits remain fit for purpose. Trading limits are established on the basis of the overall creditworthiness of the counterparty and the nature of the business activity which is being undertaken and these exposures are monitored against these limits on a daily basis. Additionally, the Investment Manager Risk team will monitor news flow and rating agency releases on rating changes as part of its oversight activities and will adjust limits to counterparties should the Investment Manager Risk team assess that the creditworthiness of the counterparty is materially altered.

Should a Sub-Fund trade OTC derivatives (which includes forward foreign exchange) it must do so with approved OTC counterparties with appropriate legal documentation in place, namely International Swaps and Derivatives Association ("ISDA") agreements. The ISDA agreement also contains a Credit Support Annex ("CSA"). If a Sub-Fund is subject to the EMIR clearing requirements and the counterparty is also acting as the clearing broker a Clearing Addendum must also be appended to the ISDA. Also, in the case of cleared OTC, a separate Cleared Derivatives Execution Agreement (the "CDEA") is also required. These legal documents ensure segregation of liabilities in the event of a default and define the appropriate collateral and acceptable haircuts with each counterparty, clearing broker, clearing house and the Sub-Fund. Additional key controls for both bi-lateral and cleared OTC include: daily valuation of positions, daily collateralisation, zero thresholds and netting. Owing to the settlement cycle of collateral a Sub-Fund may have a mixture of collateralised and uncollateralised risk. Where a Sub-Fund is using exchange traded derivatives daily initial and variation margin applies as per the exchange's requirements. Any excess margin held by the clearing broker on behalf of a Sub-Fund is considered as counterparty risk to that broker. Valuation is undertaken by specialist risk personnel and collateral is managed independently by a dedicated back office department.

Liquidity risk

A Sub-Fund's investments may be subject to liquidity constraints which means that securities may trade infrequently and in small volumes. Normally liquid securities may also be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable and in certain cases, it may be difficult to deal a security at the last market price quoted or at a value considered to be fair.

Liquidity is a term used to refer to how easily and in a timely manner an asset or security can be bought or sold in the market, and converted to cash.

Liquidity risk is the risk that a position in a Sub-Fund's portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame and that the ability of a Sub-Fund to redeem its Units within the allowable time at the request of any Unitholder is thereby compromised.

Market liquidity issues can be generated by various factors such as adverse economic or market conditions or political events, or adverse investor perceptions whether or not accurate, and may result during certain periods in:

- a sudden change in the perceived value or credit worthiness of the issuer of a security, the security itself or of the counterparty to a position or of the position itself;
- a lack of investors willing to buy in a bear market, large price movements, or widening bid-ask;

- the suspension or restriction of trading in particular securities or other instruments by the relevant stock exchange, government or supervisory authority; and/or
- unusually high volume of redemption requests.

Securities that may be less liquid (such as below investment grade and unrated debt securities, small and mid-capitalisation stocks and emerging market securities) involve greater risk than securities with more liquid markets. Market quotations for such securities may be volatile and/or subject to large spreads between bid and asked prices as traders look for a protection from the risk of being not able to dispose of the security or to liquidate the position they enter into.

Reduced liquidity due to these factors may have an adverse impact on the ability of a Sub-Fund to sell a portfolio position at a desired price or time and can:

- adversely affect the value of a Sub-Funds' which may be forced to sell investments at an unfavourable time and/or conditions without incurring a loss or may not be able to sell the investments at all;
- prevent a Sub-Fund from being able to meet redemption requests or liquidity needs; and/or
- prevent a Sub-Fund from being able to take advantage of other investment opportunities.

In some cases, the settlement of the redemption applications may therefore be significantly longer than the settlement cycles of other instruments which may lead to mismatches in the availabilities of the funds and should, therefore, be taken into account when planning the re-investment of the redemption proceeds.

Inflation risk

A change in the rate of inflation will affect the real value of your investment.

Taxation risk

The current tax regime applicable to investors in collective investment schemes in their country of residence or domicile is not guaranteed and may be subject to change. Any changes may have a negative impact on returns received by investors.

A Sub-Fund may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by that Sub-Fund is incorporated, established or resident for tax purposes. The Management Company, on behalf of the Fund, relies extensively on tax treaties to reduce domestic rates of withholding tax in countries where it invests. A risk exists that tax authorities in countries with which the Fund invests in, may change their position on the application of the relevant tax treaty. As a consequence, higher tax may be suffered on investments, (e.g. as a result of the imposition of withholding tax in that foreign jurisdiction). Accordingly, any such withholding tax may impinge upon the returns to a Sub-Fund and investors.

A Sub-Fund may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which the issuer of securities held by that Sub-Fund or the counterparty to a transaction involving that Sub-Fund is incorporated, established or resident for tax purposes. Where a Sub-Fund invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The relevant Sub-Fund may not be able to recover such tax and so any change could have an adverse effect on the Net Asset Value of the Units.

Where a Sub-Fund chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by that Sub-Fund or the Fund (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Units in that Sub-Fund. This could cause benefits or detriments to certain Unitholders, depending on the timing of their entry to and exit from the relevant Sub-Fund.

Tax developments risk

The tax regulations which the Sub-Funds are subject to constantly change as a result of:

- technical developments - changes in law and regulations;
- interpretative developments - changes in the way tax authorities apply law; and
- market practice - whilst tax law is in place, there may be difficulties applying the law in practice (e.g. due to operational constraints).

Any changes to the tax regimes applicable to the Sub-Funds and investors in their country of residence or domicile may impact negatively on the returns received by investors.

Initial charge risk

Where an initial charge is imposed, an investor who realises his Units after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

The Units therefore should be viewed as medium to long-term investments.

Suspension of dealing in Units risk

Investors are reminded that in exceptional circumstances their right to sell or redeem Units may be temporarily suspended.

Cancellation of dealing in Units risk

When cancellation rights are applicable and are exercised, the full amount invested may not be returned if the price falls before the Management Company is informed of your intention to cancel.

Liabilities of the Fund risk

Unitholders are not liable for the debts of a Sub-Fund. A Unitholder is not liable to make any further payment to a Sub-Fund after he has paid in full for the purchase of Units.

Operational risk

The M&G Group, the Fund and the Sub-Funds are exposed to operational risk, which is the risk of financial and non-financial impact resulting from inadequate or failed internal processes, personnel and systems errors, third party service provider errors or external events, and is present in all of its businesses. The M&G Group seeks to reduce these operational risks through controls and procedures and by implementing an operational risk framework in order to identify, assess, manage and report on the operational risks and associated controls including IT, data and outsourcing arrangements. However, operational risks are inherent in all activities and processes and exposure to such risk could disrupt M&G Group's systems and operations significantly, which may result in financial loss, regulatory censure, adverse investor outcomes and/or reputational damage.

Cyber event risk

Like other business enterprises, the use of the internet and other electronic media and technology exposes the Fund, its service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Fund and its Unitholders.

A cyber-event may cause the Fund, or its service providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value

of a Sub-Fund or allow Unitholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Fund and its service providers. In addition, cyber-events affecting issuers in which the Fund invests could cause the Fund's investments to lose value.

Force majeure, including terrorism and pandemic risk

The Sub-Funds and relevant parties (i.e. the Management Company, the Investment Manager and its delegates, the rest of the M&G Group, the Depositary, other service providers and their delegates, and counterparties which the Management Company may do business with on behalf of the Sub-Funds) could be severely disrupted in the event of a major terrorist attack or the outbreak, continuation or expansion of war or other hostilities, or as result of governmental or regulatory actions in anticipation of the same.

Additionally, a serious pandemic, or a natural disaster, such as a hurricane or a super typhoon, or governmental or regulatory actions in anticipation or mitigation of the same, such as a lockdown or a typhoon warning, could severely disrupt the global economy and the operation of the Sub-Funds and relevant parties. Even where these events are local in initial effect, the interconnectedness of the financial markets could nonetheless cause disruption to the global economy or the operation of the Sub-Funds and relevant parties. In particular, the recent "novel coronavirus" (COVID-19) outbreak, which has affected various parts of the world, could have a material and adverse effect on the ability to accurately determine the prices of investments owned by the Sub-Funds, which might further result in inaccurate valuation of the Sub-Funds' assets. In the event of a serious pandemic or natural disaster, for safety and public policy reasons, relevant persons and entities involved in the operations of the Fund may to the extent that they are affected by such pandemic or natural disaster or by such governmental or regulatory actions, be required to temporarily shut down their offices and to prohibit their respective employees from going to work. Any such closure could severely disrupt the services provided to the Fund and materially and adversely affect the Sub-Funds' operation.

Sustainability risks

For the investments held in the Sub-Funds, the Investment Manager (or sub-investment manager where applicable) takes into consideration sustainability risks when taking investment decisions. Sustainability risks are defined as Environmental, Social or Governance (ESG) factors that, if they occur, could cause an actual or a potential material negative impact on the value of an investment and/or returns from that asset. The Investment Manager identifies such sustainability risks and integrates them into its investment decision making and risk monitoring to the extent that they represent actual or potential material risks and/or opportunities to the long-term risk-adjusted returns of the Sub-Funds. This ESG integration takes place for all of the Sub-Funds.

The impacts following the occurrence of a sustainability risk may be numerous and vary depending on the specific risk, asset class and region. The assessment of the likely impact of sustainability risks on a Sub-Fund's return will therefore depend on the type of securities held in its portfolio.

The following types of sustainability risks are likely to impact the return of a Sub-Fund:

- Environmental risks include, but are not limited to, the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems.
- Social risks include, but are not limited to, product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation.
- Governance risks include, but are not limited to, board composition and effectiveness, management incentives, management quality and stakeholder alignment.

These sustainability risks have been assessed as likely to have the following impacts on the returns from investments held by a Sub-Fund:

- Equity and equity related securities: sustainability risks may affect the price of a stock, result in the need to raise capital or impact the issuer's ability to pay a dividend.
- Fixed income securities: sustainability risks can affect the borrowers' cash flows and affect their ability to meet their debt obligations. Sustainability risks may also affect the credit quality or pricing of sovereigns and

other government related issuers, and/or the value of currencies, through their impact on tax revenues, trade balance or foreign investment. Failure to effectively manage these risks can lead to deterioration in financial outcomes as well as a negative impact on society and the environment. For corporate and government issuers alike failure to manage sustainability risks can result in deterioration in the credit rating or pricing.

- Other financial investments or exposures such as cash, near cash, money market instruments, foreign exchange rates and interest rates: Sustainability risks impacting sovereigns and other government related issuers, and corporate issuers of money market instruments and near cash are similar to those affecting fixed income securities in terms of credit quality, pricing and/or the value of currencies. The placement of cash with counterparties and the receipt of collateral is also subject to sustainability risks which may impact the ability of the counterparty to meet its obligations, its capacity to offer cash placement and the value of collateral received. Sustainability risks impacting sovereigns or markets for which sovereigns consider themselves responsible may also affect foreign exchange rates and interest rates for currencies associated with such sovereign.
- Derivatives: the factors described above can also affect the performance of a derivative, as derivative contracts are typically expressed by reference to one of the assets above as their “underlying exposure”. Such underlying exposure may be impacted by the sustainability risks described above that may impact the cash flows of the derivative transaction. The counterparties to derivatives may also be subject to sustainability risks which may impact the ability of the counterparty to meet its obligations of the underlying contract, which is usually reflected through its credit rating. The Investment Manager uses a number of third party data providers such as credit rating agencies to identify sustainability risks and the potential impact on counterparties. Where sustainability risks are disclosed these are incorporated into the Investment Manager’s credit analysis and investment decision process.
- Collective investment schemes: the factors described above can also affect the performance of a collective investment scheme providing exposure to such asset class. In addition, sustainability risks may impact the manufacturer of the collective investment scheme, reducing its ability to perform its obligations for such financial product.

ESG data risk

ESG information from third-party data providers may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager (or sub-investment manager where applicable) may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of a Sub-Fund. Incomplete, inaccurate or unavailable ESG data may also act as a methodological limitation to a non-financial investment strategy. Where identified, the Investment Manager (or sub-investment manager where applicable) will seek to mitigate this risk through its own assessment.

Investments exclusion risk

The investment policy for a Sub-Fund may exclude potential investments where they do not meet certain criteria (e.g. financial criteria such as minimum credit ratings, or non-financial criteria such as ESG screens). This may cause the Sub-Fund to perform differently compared to similar funds that are permitted to invest in those investments.

Sub-fund specific risk

Investors should read the relevant section “Sub-Fund Information” for reference to specific risks associated with each particular Sub-Fund.

Currency & exchange rate risk

Currency exchange rate fluctuations will impact the value of a Sub-Fund which holds currencies or assets denominated in currencies that differ from the Valuation Currency of the Sub-Fund.

Unhedged Unit Classes currency risk

Currency exchange rate fluctuations will impact the value of an unhedged Unit Class where the Unit Class Currency differs from the Valuation Currency of the Sub-Fund.

Interest rate risk

Interest rate fluctuations will affect the capital and income value of investments within Sub-Funds that invest substantially in fixed income investments. This effect will be more apparent if the Sub-Fund holds a significant proportion of its portfolio in long dated securities.

Credit risk

The value of a Sub-Fund will fall in the event of the default or perceived increased credit risk of an issuer. This is because the capital and income value and liquidity of the investment is likely to decrease. Debt securities, such as AAA rated government and corporate bonds or investment grade bonds (rated BBB- or above by Standard & Poor's or Fitch or Baa3 or above by Moody's), have a relatively low risk of default compared to below investment grade bonds (rated lower than BBB- by Standard & Poor's or Fitch or lower than Baa3 by Moody's).

However, credit ratings are subject to change and may be downgraded. The lower the rating, the higher the risk of default. The risk associated with unrated bonds is similar to the risk associated to a rated debt security with similar features.

Emerging markets risk

The Sub-Funds may invest in emerging market debt securities, foreign exchange instruments and equities which may lead to additional risks being encountered when compared with investments in developed markets.

Securities markets in emerging market countries are generally not as large or as efficient as those in more developed economies and have substantially less dealing volume which can result in lack of liquidity. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighbouring exchange.

Accordingly, where a Sub-Fund invests substantially in securities listed or traded in such markets, its net asset value may be more volatile than a fund that invests in the securities of companies in developed countries. Further, custodians may not be able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub-custodian.

Substantial limitations may exist in certain countries with respect to repatriation of investment income or capital or the proceeds of sale of securities to foreign investors or by restriction on investment, all of which could adversely affect a Sub-Fund.

Many emerging markets do not have well developed regulatory systems and disclosure standards. In addition, accounting, auditing and financial reporting standards, and other regulatory practices and disclosure requirements (in terms of the nature, quality and timeliness of information disclosed to investors) applicable to companies in emerging markets are often less rigorous than in developed markets. Accordingly, investment opportunities may be more difficult to properly assess. Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale.

Adverse market and political conditions arising in a specific emerging market country may spread to other countries within the region.

Political risks and adverse economic circumstances (including the risk of expropriation and nationalisation) are more likely to arise in these markets, putting the value of the investment at risk.

These factors may lead to temporary suspension of dealing in the Units of a Sub-Fund.

Specific asset class, region, country or sector risk

Sub-Funds investing mainly in a specific asset class, region, country or sector may be more volatile and carry a higher risk to capital than Sub-Funds investing more broadly. This is because the former are more vulnerable to market sentiment specific to that asset class, region, country or sector.

Smaller companies risk

Sub-Funds investing mainly in smaller companies may be more volatile and carry a higher risk to capital than funds investing in larger companies. This is because the former are more vulnerable to market sentiment.

Concentrated portfolios risk

Sub-Funds may hold a relatively small number of investments, and as a result, may be more volatile and can be influenced by a small number of large holdings.

Inflation linked funds risk

Where a Sub-Fund is designed to provide protection against the effects of inflation, a change in the rate of inflation may affect the real value of your investment. Such Sub-Fund will not necessarily track the inflation rate.

Protected cell - foreign courts risk

Whilst the Management Regulations provide for segregated liability between Sub-Funds, the concept of segregated liability may not be recognised and given effect by a court in certain contexts including where relevant contractual documents involving the Sub-Funds are not construed in a manner to provide segregated liability. Where claims are brought by local creditors in foreign courts or under foreign contracts, and the liability relates to one Sub-Fund which is unable to discharge its liability, it is not clear whether a foreign court would give effect to the segregated liability contained in the Management Regulations.

Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund in every circumstance.

Negative interest rates risk

Cash or money market instruments held in a Sub-Fund are subject to the prevailing interest rates in the specific currency of the asset. There may be situations where the interest rate environment results in rates turning negative. In such situations a Sub-Fund may have to pay to have money on deposit or hold a money market instrument.

Investment in funds risk

Collective investment schemes (or “funds”) invest in a range of assets, each with its individual risks. While the Investment Manager will exercise due skill and care in selecting such schemes for investment, he will not have control over the management of these schemes or the fair pricing of the underlying securities. As such there is no guarantee that the fair value of a fund’s underlying holdings is at all times reflected in the reported net asset value.

Sub-Funds or Unit Classes with fixed distributions risk

If the income distributions you receive from a Sub-Fund or Unit Class are set at a fixed rate and the income generated by the investment within a Sub-Fund is too low, your income distribution may be paid out partially or completely from capital. This may constrain capital growth.

Redemption charge risk

Sub-Funds may be subject to a redemption charge as described in the section “Sub-Fund Information”. In certain cases, the redemption charge may vary with the holding period of the investment and therefore be higher if the investment is redeemed shortly after subscription.

European Union and Eurozone risk

The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has exacerbated the global economic crisis. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Eurozone.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the EFSF) and the European Financial Stability Mechanism (the EFSM) to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism (the ESM), to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries from 1 July 2013 onward.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the collateral.

Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the issuer, the portfolio investments (including the risks of currency losses arising out of redenomination and related haircuts on any affected areas) and the securities. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the securities or the portfolio investments. It is difficult to predict the final outcome of the Eurozone crisis. Investors should carefully consider how changes to the Eurozone may affect their investment in the securities.

Brexit Risk

Following the United Kingdom (the “UK”) government’s notification to the European Union (the “EU”) of its intention to leave the Union (i.e. “Brexit”), on 23 January 2020, the UK government enacted the EU (Withdrawal Agreement) Act 2020 (“WAA”). The WAA implemented the withdrawal agreement into UK law. The EU also ratified the withdrawal agreement in accordance with its procedures, with the European Parliament consenting to the withdrawal agreement on 29 January 2020.

As part of the withdrawal agreement, the UK and the EU agreed a transition period (referred to in the UK as an ‘implementation period’) in order to provide continuity and certainty. During this time, the UK will generally continue to apply EU law as it does now. UK domiciled UCITS will continue to be referred to as UCITS and enjoy the rights conferred by the UCITS Directive during the transition period. EU UCITS will continue to use their cross-border passporting rights to passport into the UK.

The transition period will run from 12:00 midnight CET on 31 January 2020 until 12:00 midnight CET on 31 December 2020.

Investors should note that during the transition period references to the EU in this Prospectus shall be taken to include the UK.

Once the transition period expires, all cross-border passporting rights to the UK for EU UCITS funds will cease; however, the UK’s commitment to a temporary permission regime will mitigate the cliff-edge risks associated with a no-deal end of the transition period. The UK government has also committed to bringing forward domestic legislation to streamline the process to allow overseas (including EU) investment funds to be sold in the UK post-Brexit.

Notwithstanding the above, the UK’s future economic and political relationship with the EU (and with other non-EU countries by agreement) continues to remain uncertain. This uncertainty is likely to generate further global currency and asset price volatility. This may negatively impact the returns of a Sub-Fund and its investments resulting in greater

costs if a Sub-Fund decides to employ currency hedging policies. Ongoing uncertainty could adversely impact the general economic outlook and as such, this may impact negatively on the ability of a Sub-Fund and its investments to execute their strategies effectively, and may also result in increased costs to the Fund.

It is possible that there will be more divergence between UK and EU regulations post-Brexit, limiting what cross-border activities can take place. However it is unlikely to affect a Sub-Fund's ability to receive portfolio management services. At the date of this Prospectus, the Sub-Funds continue to be recognised by the FCA and can be marketed to UK investors. The nature and extent of the impact of any Brexit related changes are uncertain, but may be significant.

The information provided in this section is correct as at the date of this Prospectus.

Derivatives risk

Derivative Instruments

Generally, derivative instruments are financial contracts whose value depend upon, or are derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, leveraged loans, high yield debt securities (rated lower than BBB- by Standard & Poor's or Fitch or lower than Baa3 by Moody's), interest rates, currencies or currency exchange rates and related indices. Derivative instruments on diversified financial indices may involve a broader range of underlying assets than direct exposures, for example leveraged loans and commodities.

Derivative instruments can include, but are not limited to, futures, forwards, swaps (including total return swaps), options, warrants (allowing the Investment Manager to buy stocks for a fixed price until a certain date) and contracts for differences. These instruments can be highly volatile and expose investors to a high risk of loss. Such instruments normally require only low initial margin deposits in order to establish a position in such instruments and may permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited.

The risk management process document sets out the approved derivative strategies and is available upon request from the Management Company.

Correlation (basis risk)

Correlation risk is the risk of loss due to divergence between two rates or prices. This applies particularly where an underlying position is hedged through derivative instruments which are not the same as (but may be similar to) the underlying position.

Valuation risk

Valuation risk is the risk of differing valuations of derivative instruments arising from different permitted valuation methods. Many derivative instruments, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals who are often also the counterparty to the transaction. As a result, the daily valuation may differ from the price that can actually be achieved when trading the position in the market.

Liquidity risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. Derivative transactions that are particularly large, or traded off market (i.e. over the counter), may be less liquid and therefore not readily adjusted or closed out. Where it is possible to buy or sell, this may be at a price that differs from the price of the position as reflected in the valuation of the position.

Counterparty risk

Certain derivative types may require the establishment of a long term exposure to a single counterparty which increases the risk of counterparty default or insolvency. While these positions are collateralised, there is a residual risk between both the mark to market and the receipt of the corresponding collateral as well as between the final settlement of the contract and the return of any collateral amount, this risk is referred to as daylight risk. In certain circumstances, the physical collateral returned may differ from the original collateral posted. This may impact the future returns of the Fund.

Delivery risk

A Sub-Fund's ability to settle derivative contracts on their maturity may be affected by the level of liquidity in the underlying asset. In such circumstances, there is a risk of loss to the Sub-Fund.

Legal risk

Derivative transactions are typically undertaken under separate legal arrangements. In the case of OTC derivatives, a standard ISDA agreement is used to govern the trade between a Sub-Fund and a counterparty. The agreement covers situations such as a default of either party and also the delivery and receipt of collateral. As a result, there is a risk of loss to a Sub-Fund where liabilities in those agreements are challenged in a court of law.

Volatility risk

Derivative instruments may be used to generate market exposure to investments exceeding the Net Asset Value of a Sub-Fund, thereby exposing the relevant Sub-Fund to a higher degree of risk than an equivalent fund that does not use derivative instruments. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the Net Asset Value of the relevant Sub-Fund.

Limited use risk

Derivative instruments may be used in a limited way to obtain exposure to investments rather than holding the investments directly. It is anticipated that a limited use of derivative instruments will not materially alter the risk profile of a Sub-Fund or increase price fluctuations compared to equivalent funds that do not invest in derivative instruments.

Exposure greater than Net Asset Value risk

Derivative instruments may be used to generate credit and equity exposure to investments exceeding the Net Asset Value of a Sub-Fund, thereby exposing the relevant Sub-Fund to a higher degree of risk. As a result of increased market exposure, the size of any positive or negative movement in markets will have a relatively larger effect on the Net Asset Value of the relevant Sub-Fund. The additional credit and equity exposure will however be limited to such an extent as to not materially increase the overall volatility of the Net Asset Value.

Short sales risk

A Sub-Fund may take short positions through the use of derivative instruments which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset is expected to fall in value. Accordingly, if this view is incorrect and the asset rises in value, the short position could involve losses of the relevant Sub-Fund's capital due to the theoretical possibility of an unlimited rise in their market price. However, shorting strategies are actively managed by the Investment Manager such that the extent of the losses will be limited.

Zero or negative yield

The costs of using derivative instruments to implement a short position within a Sub-Fund, for example short positions in currency or government bonds, may result in a zero or negative yield on the portfolio. In such circumstances the Sub-Fund may not make any distributions and any shortfall will be met from capital.

Currency strategies

Sub-Funds which use currency management strategies may have substantially altered exposures to currency exchange rates. Should these currencies not perform as the Investment Manager expects, the strategy may have a negative effect on performance.

Negative duration

A Sub-Fund may take a negative duration position if the Investment Manager believes yields are likely to rise strongly. This means the relevant Sub-Fund could produce a capital gain if bond yields increase which is not normally achievable by a typical bond fund. However, if the relevant Sub-Fund is positioned with negative duration and yields fall, the position will be detrimental to performance.

Convertible bonds risk

Convertible bonds are bonds issued by companies that give the bondholder the option to trade in the bond for shares in the company.

Convertible bonds are subject to the risks associated with both bonds and company shares, and to risks specific to the asset class. Their value may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer, the performance of the underlying company shares and general financial market conditions. In addition, issuers of convertibles may fail to meet payment obligations and their credit ratings may be downgraded. Convertible bonds may also be less liquid than the underlying company shares.

Contingent convertible debt securities risk

Contingent convertible debt securities are bonds issued by companies, which convert into shares in the company when certain capital conditions are met and are subject to the following risks.

Trigger levels and conversion risk

Contingent convertible debt securities are complex financial instruments in respect of which trigger levels and conversion risk, depending on the distance of the capital ratio to the trigger level, differ. It might be difficult for the Investment Manager to anticipate the triggering events that would require the debt to convert into equity and to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might be forced to sell these new equity shares because the investment policy of the Fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.

Unknown and yield risk

The structure of the contingent convertible debt securities is innovative yet untested. Investors have been drawn to this instrument as a result of its often attractive yield which may be viewed as a complexity premium. Yield has been a primary reason this asset class has attracted strong demand, yet it remains unclear whether investors have fully considered the underlying risks. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, contingent convertible debt securities tend to compare favourably from a yield standpoint. The concern is whether investors have fully considered the risk of conversion or, for AT1 contingent convertible debt securities, coupon cancellation.

Write-down, capital structure inversion and industry concentration risk

An investment in contingent convertible debt securities may also result in a material loss. In this event, should a contingent convertible debt security undergo a write-down, the contingent convertible debt securities' investors may lose some or all of its original investment. Contrary to classical capital hierarchy, contingent convertible debt securities' investors may suffer a loss of capital when equity holders do not. To the extent that the investments are concentrated in a particular industry, the contingent convertible debt securities' investors will be susceptible to loss due to adverse occurrences affecting that industry.

Call extension risk

Contingent convertible debt securities are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

Coupon cancellation risk

For some contingent convertible debt securities, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

Liquidity risk

In certain circumstances finding a ready buyer for contingent convertible debt securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

Securitised bonds risk

Certain Sub-Funds may invest in asset-backed securities which are securities whose income payments and therefore value are derived from and collateralized (or "backed") by a specified pool of underlying assets which may be commercial or residential mortgages, credit card receivables, student loans, auto loans, other commercial or consumer receivables, corporate loans, bonds, and whole business securitisation.

The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds.

Asset-backed securities are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities.

Prepayment risk is typically greater when interest rates are declining as mortgages and loans are prepaid. This may negatively impact the return of any Sub-Fund investing in such security as the income generated will have to be reinvested at the lower prevailing interest rates. Conversely, extension risk tends to increase when interest rates rise as the prepayment rate decreases causing the duration of asset-backed securities to lengthen and expose investors to higher interest rate risk.

The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

Credit default swaps risk

A credit default swap is a type of credit derivative instrument which allows one party (the “protection buyer”) to transfer credit risk of a reference entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each, a “credit event”) experienced by the reference entity. Credit default swaps carry specific risks including high levels of gearing, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks.

In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to a Sub-Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Swap agreements risk

The Management Company may enter into swap agreements on behalf of a Sub-Fund. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Sub-Fund's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Management Company is not limited to any particular form of swap agreement if consistent with the terms of the Prospectus and the investment objective and policy of the relevant Sub-Fund.

Swap agreements tend to shift a Sub-Fund's investment exposure from one type of investment to another. For example, if the Management Company agrees to exchange payments in one currency for payments another currency, the swap agreement would tend to decrease the relevant Sub-Fund's exposure to interest rates in the country and/or region of the first currency and increase its exposure to the other currency and interest rates in the relevant country and/or region.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Sub-Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the relevant Sub-Fund. If a Swap agreement calls for payments by the Management Company on behalf of a Sub-Fund, the Management Company must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the relevant Sub-Fund. Use of swap agreements may also incur counterparty risk as defined above.

Securities lending and repurchase contracts risk

Securities lending and repurchase contracts involve a number of risks, including many of those with respect to derivative instruments (above) and collateral (below).

In addition, the following additional risks may be relevant:

Securities lent under securities lending transactions may be returned late by the borrower or not at all as a result of the borrower's default or administrative or operational error. This might mean that a Sub-Fund is unable to meet its obligation to complete the sale of the relevant security, causing it to breach its contractual obligations to a third party purchaser. If the borrower of a security defaults, to the extent that the value of the collateral held by the relevant Sub-Fund at the relevant time is less than the value of the securities lent by the Sub-Fund, the Sub-Fund will be an unsecured creditor for the difference and may not recover in full or at all.

Repurchase transactions involve the risk that the face value of the cash received by the Fund falls below the market value of the securities sold under the transaction. While a Sub-Fund should generally have a right to call for additional collateral, if a counterparty defaults (e.g. becomes insolvent or breaches the contract), and the value of the collateral is less than the value of the securities sold, the relevant Sub-Fund will be an unsecured creditor for the difference and may not recover in full or at all.

The Fund does not currently engage in securities lending or repurchase contracts, and this Prospectus will be amended before it may do so.

Collateral risk

The taking of collateral may reduce counterparty risk but it does not eliminate it entirely. There is a risk that the value of collateral held by a Sub-Fund may not be sufficient to cover the Sub-Fund's exposure to an insolvent counterparty. This could for example be due to the issuer of the collateral itself defaulting (or, in the case of cash collateral, the bank with whom such cash is placed becoming insolvent), lack of liquidity in the relevant collateral meaning that it cannot be sold in a timely manner on the failure of the collateral giver, or price volatility due to market events. In the event that a Sub-Fund attempts to realise collateral following the default by a counterparty, there may be no or limited liquidity or other restrictions in respect of the relevant collateral and any realisation proceeds may not be sufficient to off-set the relevant Sub-Fund's exposure to the counterparty and the Sub-Fund may not recover any shortfall. It is also possible that assets held as collateral in custody may be lost although, for financial assets held in custody, the Depositary will be obliged to return equivalent assets.

Collateral management is also subject to a number of operational risks, which can result in a failure to request collateral to cover the exposure of a Sub-Fund or failure to demand the return of collateral from a counterparty when due. There is the risk that the legal arrangements entered into by the Management Company for the account of a Sub-Fund are held not to be enforceable in the courts of the relevant jurisdiction, meaning that the relevant Sub-Fund is unable to enforce its rights over the collateral received in the case of a counterparty failure.

Collateral will not be reused.

Where collateral is delivered by way of title transfer, the relevant Sub-Fund will be exposed to the creditworthiness of the counterparty and, in the event of insolvency, the Sub-Fund will rank as an unsecured creditor in relation to any amounts transferred as collateral in excess of the Sub-Fund's exposure to the counterparty.

Investment restrictions

Each Sub-Fund, and the Fund itself, must comply with all applicable EU and Luxembourg laws and regulations, notably the 2010 Law, as well as certain CSSF circulars, guidelines and other requirements.

General investment restrictions

This section describes the types of assets, techniques and instruments that are permitted as a matter of law and regulation, as well as the applicable limits, restrictions and requirements.

In case of any discrepancy with the 2010 Law itself, the 2010 Law (in the original French version) will prevail.

The Sub-Funds may set limits that are more restrictive in one way or another, based on their investment objectives and policies as more fully described under the section “Sub-Fund Information”. A Sub-Fund’s usage of any asset, technique or transaction must be consistent with its investment policy and restrictions.

A Sub-Fund that invests or is marketed in jurisdictions outside the EU may be subject to further requirements.

No Sub-Fund may acquire assets that come with unlimited liability attached, underwrite securities of other issuers, or issue warrants or other rights to subscribe for its Units.

I.

(1) A Sub-fund may invest in:

- (a) transferable securities and money market instruments admitted to or dealt in on a Regulated Market;
- (b) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
- (c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt in on another market in a non-EU Member State which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the Management Regulations;
- (d) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been provided for in the Management Regulations and such admission is secured within one year of the issue;
- (e) units/shares of UCITS and/or other UCIs, whether situated in a Member State or not, provided that:
 - such other UCIs are authorised under laws which state that they are subject to supervision considered by the CSSF as equivalent to that laid down in EU law and that co-operation between authorities is sufficiently ensured;
 - the level of protection for unitholders/shareholders in such other UCIs is equivalent to that provided for unitholders/shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of UCITS Directive;
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units/shares of other UCITS or other UCIs.

- (f) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in points (a), (b) and (c) above and/or financial derivative instruments dealt in over-the-counter ("OTC Derivatives"), provided that:
 - the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
 - the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Management Company's initiative;

and/or

- (h) money market instruments other than those dealt in on a regulated market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
 - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a third country or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to in points (a), (b) or (c) above; or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Management Company, on behalf of the Fund, may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) above.

II.

A Sub-fund may hold ancillary liquid assets.

III.

(a)

- (i) No more than 10% of the net assets of any Sub-Fund may be invested in transferable securities or money market instruments issued by the same issuing body.
- (ii) No more than 20% of the net assets of any Sub-Fund may be invested in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I (f) above or 5% of its net assets in other cases.

(b) Moreover, where an investment in transferable securities and money market instruments of an issuing body exceeds 5% of the net assets of a Sub-Fund, the aggregate of all such investments must not exceed 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (a) the Management Company, on behalf of the Fund, may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body;
- deposits made with the same body; and/or
- exposure arising from OTC derivative transactions undertaken with the same body;

in excess of 20% of the Sub-Fund's net assets.

- (c) The limit of 10% laid down in sub-paragraph (a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, by its public local authorities, or by a third country or by public international bodies of which one or more Member States belong.
- (d) The limit of 10% laid down in sub-paragraph (a) (i) may be increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the relevant Sub-Fund.

- (e) The transferable securities and money market instruments referred to in paragraphs (c) and (d) shall not be taken into account for the purpose of applying the limit of 40% in paragraph (b).

The limits set out in paragraphs (a), (b), (c) and (d) may not be combined, thus investments in transferable securities or money market instruments issued by the same issuing body or in deposits or in derivative instruments made with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Management Company, on behalf of a Sub-Fund, may cumulatively invest up to 20% of the net assets of the Sub-Fund in transferable securities and money market instruments within the same group.

- (f) **Notwithstanding the above provisions, the Management Company, on behalf of the Fund, is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by a state accepted by the CSSF (being at the date of this Prospectus the OECD member states, Singapore or any member state of the Group of Twenty) or by public international bodies of which one or more Member States are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

IV.

- (a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is recognised by the CSSF and is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- (b) The limit laid down in paragraph (a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

V.

- (a) The Management Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (b) The Management Company, on behalf of the Sub-Fund, may acquire no more than:
- 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the money market instruments of the same issuer.
- (c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by a non-EU Member State or issued by public international bodies of which one or more EU Member States are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Management Company, on behalf of the Fund, can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III, VI (b), (d), and (e) and V (a) and (b).

VI.

- (a) The Management Company, on behalf of a Sub-Fund, may acquire units/shares of UCITS and/or other UCIs referred to in paragraph I (1) (e) provided that no more than 10% of a Sub-Fund's net assets be invested in the units/shares of UCITS or other UCIs or in one single such UCITS or other UCI unless otherwise specified in section "Sub-Fund Information" for a particular Sub-Fund.
- (b) If a Sub-Fund may invest more than 10% of its net assets in units/shares of UCITS or other UCIs, such Sub-Fund may not invest more than 20% of its net assets in units/shares of a single UCITS or other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- (c) The underlying investments held by the UCITS or other UCIs in which the Management Company, on behalf of the Fund, invests do not have to be considered for the purpose of the investment restrictions set forth under paragraph III. above.
- (d) Investments made in units of UCIs other than UCITS may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.
- (e) When the Management Company, on behalf of a Sub-Fund, invests in the units/shares of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company cannot charge subscription or redemption fees on account of the Sub-Fund's investment in the units/shares of such other UCITS and/or UCIs.

Where a Sub-Fund invests in the Units of another Sub-Fund or in the units or shares of another fund managed by the Management Company, or by an associate of the Management Company, the Management Company will reduce its annual management charge by the amount of any equivalent charge that has been taken on the underlying funds. Underlying funds will also waive any initial or redemption charges which might otherwise apply. That way, the Management Company ensures that Unitholders are not charged twice.

- (f) The Management Company, on behalf of a Sub-Fund, may acquire no more than 25% of the units/shares of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units/shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units/shares issued by the UCITS or other UCI concerned, all compartments combined.

VII.

The Management Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Management Company, on behalf of a Sub-Fund, invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Management Company, on behalf of a Sub-Fund, invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

VIII.

- (a) The Management Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net asset value of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Management Company, on behalf of the Fund, may acquire foreign currencies by means of back-to-back loans.
- (b) The Management Company, on behalf of a Sub-Fund, may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Management Company, on behalf of a Sub-Fund, from (i) acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) (e), (g), (h) which are not fully paid.

- (c) The Management Company, on behalf of a Sub-Fund, may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (d) The Management Company, on behalf of a Sub-Fund, may not acquire movable or immovable property.
- (e) The Management Company, on behalf of a Sub-Fund, may not acquire either precious metals or certificates representing them.

IX.

- (a) The Management Company, on behalf of the Fund, need not comply with the limits laid down in the above-mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III IV and VI (b), (d) and (e) for a period of six months following the date of their authorisation.
- (b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for the sales transactions of the Sub-Funds the remedying of that situation, taking due account of the interest of the Unitholders.
- (c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III, IV and VI.

X.

A Sub-Fund (the “Investing Sub-Fund”) may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds (each, a “Target Sub-Fund”) under the condition however that

- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s); and
- no more than 10% of the assets that the Target Sub-Fund(s) whose acquisition is contemplated may be invested in units of other Target Sub-Funds; and
- voting rights, if any, attaching to the Units of the Target Sub-Fund(s) are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Sub-Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

XI.

Under the conditions and within the limits laid down by the 2010 Law, the Management Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Sub-Fund qualifying either as a feeder UCITS (a “Feeder UCITS”) or as a master UCITS, (ii) convert any existing Sub-Fund into a Feeder UCITS, or (iii) change the master UCITS of any of its Feeder UCITS.

A Feeder UCITS shall invest at least 85% of its assets in the units of another master UCITS.

A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets
- financial derivative instruments, which may be used only for hedging purposes

Other investment restrictions

M&G Plc

The Management Company and the Investment Manager are subsidiaries of M&G plc, a listed company. The Sub-Funds are not permitted to directly hold securities issued by M&G plc unless the Sub-Fund’s investment policy is to passively track an index which includes M&G plc. The Sub-Funds are allowed to trade derivatives linked to publicly available indices which include M&G plc, and are allowed to hold collective investment schemes which passively track such indices.

Investment restrictions applying to cluster munitions

On 1 August 2010, the Oslo Convention on Cluster Munitions, which was implemented into Luxembourg regulation by a law dated 4 June 2009, entered into force.

The Management Company will ensure that the Sub-Funds do not invest in securities issued by companies that have been identified by independent third-party providers as being involved in the manufacture, production or supply of cluster munitions.

Further details on the policy adopted to comply with the Luxembourg law on cluster ammunitions are available on request from the Management Company.

Additional investment restrictions

The Management Company has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Units are offered or sold.

Use of derivatives, instruments and techniques

Use of derivatives purposes

The Management Company, on behalf of a Sub-Fund, may use derivatives for any of the following purposes as described below:

Investment purposes

A Sub-Fund that intends to use derivatives to achieve its investment objective, may employ derivatives to facilitate a variety of investment techniques including, but not limited to:

- as a substitute for investing directly in securities
- enhancing returns for the Sub-Fund
- implementing investment strategies that can only be achieved through derivatives, such as a “long-short” strategy
- managing duration, yield curve exposure or credit spread volatility
- gaining or adjusting exposure to particular markets, sectors or currencies

Efficient Portfolio Management (EPM)

Efficient portfolio management means the cost-effective use of derivatives, instruments and techniques to reduce risks or costs or to generate additional capital or income. The techniques and instruments will relate to transferable securities or money market instruments, and the risks generated will be consistent with a Sub-Fund’s risk profile and be adequately captured by the risk management process.

To understand how a particular Sub-Fund may use derivatives, see section “Sub-Fund Information”.

Hedging

Derivatives used for the purpose of hedging seek to reduce risk such as credit, currency, market and interest rate (duration) risk. Hedging can take place at a portfolio level or, in respect of currency hedging at Unit Class level.

Types of derivatives a sub-fund can use

When specified in section “Sub-Fund Information”, a Sub-Fund may use derivative instruments to meet its investment objective and for efficient portfolio management.

The derivative instruments are the following:

- **Spot and forward contracts** including forward foreign exchange contracts are bespoke agreements to buy or sell currencies, shares, bonds or interest rates at a specified price immediately or at a future date.
- **Exchange traded futures** are standard agreements relating to underlying instruments such as currencies, shares, bonds, interest rates and indices at a future date on a regulated market.
- **Swaps are agreements** which involve exchanging cash flows from investments with another party, including fixed or index-linked interest rate swaps, equity, bonds, currency, or other asset swaps.
- **Credit default swaps** are agreements which exchange the credit risk between parties. For example, these instruments can be used to protect a Sub-Fund against potential defaults of companies, group of companies

or governments. These swaps can be 'single name' where the credit risk relates to a bond of a particular issuer or 'index' where the underlying asset is an index of bonds from different issuers.

- **Interest rate swaps** provide for an exchange between two parties of interest rate exposures from floating to fixed rate or vice versa. Each party thereby gains indirect access to the fixed or floating capital markets.
- **Currency swaps** are bilateral financial contracts to exchange the principal and interest in one currency for the same in another currency in order to hedge specific currency risk.
- **Credit linked notes** are structured notes that enable access to local or external assets which are otherwise inaccessible to the Sub-Fund. Credit linked notes are issued by highly rated financial institutions.
- **Options** offer the right to buy or sell an asset at an agreed price and time and can be on shares, bonds, bond futures, currencies, or indices.
- **Total return swaps** are agreements in which one party (total return payer) transfers the total economic performance of a reference obligation, which may for example be a share, bond or index, to the other party (total return receiver). The total return receiver must in turn pay the total return payer any reduction in the value of the reference obligation and possibly certain other cash flows. Total economic performance includes income from interest and fees, gains or losses from market movement, and credit losses.

A Sub-Fund may use a total return swap to gain exposure to an asset (or other reference obligation), which it does not wish to buy and hold itself, or otherwise to make a profit or avoid a loss.

The conditions under which a total return swap may be used are described below, in section "Transparency of securities financing transactions and of reuse (SFTR)".

Types of instruments and techniques a sub-fund can use for Efficient Portfolio Management

A Sub-Fund may also use the following instruments and techniques for the purposes of efficient portfolio management (as described above).

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down above. Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objective as set out in section "Sub-Fund Information".

Securities lending

The Management Company may, on behalf of a Sub-Fund, engage in securities lending transactions either directly or through a standardised lending system organised by a recognised clearing institution or by a financial institution specialising in this type of transaction and subject to prudential supervision rules which are considered by the CSSF as equivalent to those provided by EU law, in exchange for a securities lending fee.

A securities lending transaction is similar to a repurchase contract. The lender transfers ownership of an asset to a third party (the borrower), who pays a fee to the lender for the use of the loaned asset and agrees to return the securities at the end of the transaction. Even though the parties are called lender and borrower, actual ownership of the assets is transferred. A Sub-Fund may act as lender or borrower under a stock lending transaction. The types of assets that can be subject to a securities lending transaction are securities (both bonds and shares).

If the Management Company enters into a securities lending agreement, on behalf of a Sub-Fund, it must ensure that it is able at any time to terminate the agreement or recall the securities that have been lent out.

The Management Company, on behalf of a Sub-Fund, does not currently enter into securities lending transactions. Should the Management Company, on behalf of a Sub-Fund, decide to make use of such transactions in the future, the Prospectus will be updated in conformity with the relevant regulations.

Repurchase agreements and reverse repurchase agreements

A Sub-Fund may enter into repurchase agreement and reverse repurchase agreement transactions which consist of the purchase and sale of securities whereby the seller has the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

Under a repurchase agreement, one party sells securities (such as shares or bonds) to another party at one price at the start of the trade and at the same time agrees to repurchase (buy back) the asset from the original buyer at a different price at a future date or on demand. The term 'reverse repurchase contract' describes the same contract from the perspective of the buyer.

A Sub-Fund, may act as buyer or seller under a repurchase agreement. The types of assets that can be subject to a repurchase agreement are securities (both bonds and shares).

A Sub-Fund, can act either as purchaser or seller in repurchase agreement and reverse repurchase agreement transactions or a series of continuing repurchase and reverse repurchase transactions. The types of assets that can be subject to a repurchase agreement are securities (both bonds and shares). The involvement of a Sub-Fund in such transactions is, however, subject to the following rules:

- A Sub-Fund, may not buy or sell securities using a repurchase agreement or reverse repurchase agreement transaction unless the counterparty is an eligible counterparty as provided by the applicable laws and regulations and is permitted by the CSSF.
- As a Sub-Fund is exposed to redemptions of its own Units, the Management Company must take care to ensure that the level of the Sub-Fund's exposure to repurchase agreement and reverse repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Sub-Fund's assets in accordance with its investment policy.
- The Management Company must ensure that it is able at any time to terminate the repurchase or reverse repurchase agreement, as applicable, or recall any securities or the full amount of cash subject to the repurchase or reverse repurchase agreement respectively, unless the agreement is entered into for a fixed term not exceeding seven days.

The Management Company, on behalf of a Sub-Fund, does not currently enter into repurchase and reverse repurchase transactions. Should the Management Company, on behalf of a Sub-Fund, decide to make use of such transactions in the future, the Prospectus will be updated in conformity with the relevant regulations.

Transparency of Securities Financing Transactions and of Reuse (SFTR)

General description of total return swaps and the rationale of their use

In order to achieve an optimum return from capital invested, while reducing investment risk through diversification, the Fund may enter into total return swaps only. In accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse (the "SFTR"), this Prospectus contains a general description of the total return swaps used and more details may be found in the section "Sub-Fund Information".

None of the Sub-Funds currently makes use of securities financing transactions within the meaning of the SFTR (i.e. repurchase transactions, securities or commodities lending or borrowing, buy-sell back or sell-buy back transactions and margin lending transactions) and this Prospectus must be amended before any of them may do so.

The Sub-Funds may enter into total return swaps for investment purposes, in order to achieve their investment objectives.

A total return swap is an agreement between two counterparties to swap the total return on an asset (the capital gain plus any income the asset generates) in return for payments based on a fixed or variable rate. As an unfunded transaction, the fixed or variable rate will have an additional spread to reflect the cost of funding using the balance sheet of the counterparty. This simulates the purchase or sale of an instrument with 100% financing.

Total return swaps will not be cleared.

Use of total return swaps per Sub-Fund

The following Sub-Funds may enter into total return swaps on bond indices, leveraged loan indices and baskets of bonds.

- M&G (Lux) Euro Credit Fund

Generally this will be to hedge or add credit market exposure. The use of total return swaps for this purpose is primarily to provide a more precise hedge or closer match to the desired credit market exposure than could be achieved by using different instruments, for example credit default swap index positions. An example of this would be where the Sub-Fund may add credit risk exposure by paying a fixed or floating rate payment, in return for receipt of the total return of a leveraged loan index.

An overview of the usage is set out below:

Total Return Swaps	Underlying assets	Rationales
Bond index	Bond index (single bonds)	Reduce (hedge) credit market risk Add credit market risk
Leveraged loan index (diversified, no look through)	Leveraged loan index (single loans)	Reduce (hedge) credit market risk Add credit market risk
Bond basket	Single bonds	Reduce (hedge) credit risk exposure to specific basket of bonds Add credit risk exposure to specific basket of bonds

Maximum permitted and expected use of total return swaps per Sub-Fund

The assets of the following Sub-Funds may be subject to Total Return Swaps under the proportions disclosed in the table below:

- M&G (Lux) Euro Credit Fund

	Maximum proportion of Net Asset Value	Expected proportion of Net Asset Value
Total Return Swaps	10%	10%

Counterparties

Counterparties must be approved by the Management Company or the Investment Manager before serving as such for the Fund.

To be approved a counterparty must be:

- subject to a due diligence of its intended activities, which can include in accordance with the procedure for approving new counterparties, an analysis of such aspects as company management, liquidity, profitability, corporate structure, capital adequacy and asset quality, as well as the regulatory framework in the relevant jurisdiction; and
- assessed creditworthy by the Management Company or the Investment Manager.

While there are no predetermined criteria applied to the counterparty selection process, the following elements are typically taken into account:

- comply with relevant CSSF circulars;
- comply with prudential rules considered by the CSSF as equivalent to EU prudential rules;
- typically have a public credit rating of at least BBB-; and
- typically are credit institutions or investment firms established in a member state of the European Union.

No counterparty to a Sub-Fund derivative can serve as an Investment Manager of a Sub-Fund or otherwise have any discretion over the composition or management of a Sub-Fund's investments or transactions or over the underlying assets of a derivative instrument.

With respect to the counterparty, the total return swaps will be unfunded as the notional value of the total return swap is not exchanged with the counterparty at initiation.

Acceptable collateral

Accepted collateral	Type of assets	Issuer	Maturity	Liquidity	Collateral diversification	Correlation policies
Government bonds	Bonds	National governments of countries in the EEA, the United States or the United Kingdom	0-20+ years	Haircut of 0%-5% will be applied.	National governments of countries in the EEA, the United States or the United Kingdom	Not applicable
Supra-national bonds	Bonds	International organisations, often multinational or quasi-government organisations, with a purpose of promoting economic development	0-20+ years	Haircut of 0%-5% will be applied.	International organisations, often multinational or quasi-government organisations, with a purpose of promoting economic development	Not applicable
Corporate bonds	Bonds	Corporation which are rated above investment grade by a recognised rating agency (that is, rated BBB- or above by Standard & Poor's or Fitch or Baa3 or above by Moody's)	0-20 years	Haircut of 3%-15% will be applied.	Corporations which are rated above investment grade by a recognised rating agency (that is, rated BBB- or above by Standard & Poor's or Fitch or Baa3 or above by Moody's)	Bonds of the same issuer as the counterparty or the Management Company or Investment Manager, or related securities, are not acceptable.
Cash	Cash	GBP, Euro or US Dollar	Not applicable	Generally the most liquid and haircuts not normally applied.	GBP, Euro or US Dollar	Not applicable

* Liquidity is a factor of the underlying issuer and market conditions at the time. Additional haircuts are applied to account for liquidity, price volatility and credit quality of the issuers.

Collateral valuation

As part of these transactions, the Management Company, on behalf of a Sub-Fund, will receive collateral of high quality to be given in the form and nature as detailed in the section "Collateral Policy for OTC Derivatives and for efficient portfolio management techniques (including securities financing transactions)" below.

Risk management

Information may be found in the sub-sections "Swap agreements risk" and "Collateral risk" of the section "Risk Information".

Safekeeping

The assets subject to total return swaps and collateral received are safe-kept with the Depositary or third party depositary with which the Depositary has entered into an agreement to secure its depositary obligations, as appropriate.

Where there is a title transfer, collateral received will be held by the Depositary (or a sub-custodian thereof) on behalf of the Fund. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Return generated by total return swaps

In case there are revenues arising from the total return swaps, they shall be returned to the relevant Sub-Fund following the deduction of any costs and fees.

Fees and costs arising from efficient portfolio management techniques including securities financing transactions

Each Sub-Fund may incur costs and fees in connection with efficient portfolio management techniques including securities financing transactions.

In particular a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary and the Investment Manager to the extent permitted under applicable laws and regulations, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable.

Information on direct and indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary or the Investment Manager, if applicable, will be made available in the annual report.

All revenues arising from efficient portfolio management techniques (including securities financing transactions), not of direct and indirect operational costs and fees, will be returned to the Sub-Fund.

Collateral policy for OTC Derivatives and for efficient portfolio management techniques (including securities financing transactions)

Risk exposure to a counterparty to OTC Derivatives and/or efficient portfolio management techniques (including securities financing transactions) will take into account collateral provided by the counterparty in the form of assets eligible as collateral under applicable laws and regulations, as summarised in this section. All assets received by the Management Company, on behalf of a Sub-Fund, in the context of efficient portfolio management techniques (including securities financing transactions) are considered as collateral for the purpose of this section.

Where a Sub-Fund enters into OTC Derivatives and/or efficient portfolio management techniques (including securities financing transactions), all collateral received by the relevant Sub-Fund must comply with the criteria listed in ESMA Guidelines 2014/937 in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability.

The maximum exposure of a Sub-Fund to any given issuer included in the basket of collateral received is limited to 20% of the Net Asset Value of the Sub-Fund. Reinvested cash collateral will be diversified in accordance with this requirement.

Permitted types of collateral include cash, government bonds and corporate bonds to the extent that collateral used is in line with the criteria listed under Article 43 of the ESMA Guidelines 2014/937.

In respect of any Sub-Fund which has entered into OTC Derivatives and/or efficient portfolio management techniques, investors (including securities financing transactions) in such Sub-Fund may obtain free of charge, on request, a copy of the report detailing the composition of the collateral at any time from the Management Company.

The Management Company will determine the required level of collateral for OTC Derivatives and efficient portfolio management techniques (including securities financing transactions) by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by a Sub-Fund for each asset class based on its haircut policy. Generally, securities collateral will be valued at bid price on a daily basis because this is the price that would be obtained if such Sub-Fund were to sell the securities following a counterparty default. However, mid-market prices may be used where this is the market

practice for the relevant transaction. Subject to any minimum transfer amount and/or unsecured threshold amount (below which collateral is not provided), where required, variation margin is generally transferred on a daily basis in respect of any net exposure between a Sub-Fund and its counterparty.

Non-cash collateral received cannot be sold, reinvested or pledged.

Cash collateral received can only be:

- placed on deposit with eligible credit institutions;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Management Company, on behalf of the Fund, is able to recall at any time the full amount of cash on accrued basis; or
- invested in eligible short-term money market funds.

A Sub-Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Management Company, on behalf of the relevant Sub-Fund, to the counterparty at the conclusion of the transaction. Such Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

The above provisions apply subject to any further guidelines issued from time to time by ESMA amending and/or supplementing ESMA Guidelines 2014/937 and/or any additional guidance issued from time to time by the CSSF in relation to the above.

Risk management and monitoring

Risk management process

The Management Company employs a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each individual Sub-Fund. Furthermore, the Management Company employs a process for accurate and independent assessment of the value of OTC Derivative instruments which is communicated to the CSSF on a regular basis in accordance with Luxembourg law.

The risk management process enables the Management Company to assess for each Sub-Fund the exposure to any material risk including market, liquidity, counterparty and operational risks.

Any derivatives embedded in transferable securities or money market instruments count as derivatives held by the Sub-Fund, and any exposure to transferable securities or money market instruments gained through derivatives (except certain index-based derivatives) counts as investment in those securities or instruments. The Management Company will review such risk management process at least annually.

Upon the request of a Unitholder the Management Company will provide supplementary information relating to the risk management process.

Liquidity risk management process

The Management Company has established, implemented and consistently applies a liquidity risk management process and has put in place prudent and rigorous liquidity management procedures. It enables the Management Company to monitor the Sub-Funds' liquidity risks and to ensure compliance with internal liquidity thresholds.

Qualitative and quantitative measures are used to monitor portfolios and securities to ensure investment portfolios are appropriately liquid and that Sub-Funds are able to meet Unitholders' redemption requests and other liabilities in varied market conditions. In addition, Unitholders' concentrations are also regularly reviewed to assess their potential impact on the liquidity of the Sub-Funds. Sub-Funds are reviewed individually with respect to liquidity risks.

The Management Company's liquidity management procedures take into account the Sub-Funds' investment strategy, their dealing frequency, the underlying assets' liquidity (and their valuation) and Unitholder base.

The liquidity risks are further described in the section "Risk Information".

The Management Company may also make use, among other, of the following liquidity management tools to manage liquidity risk:

- Suspension of the redemption of Units in certain circumstances as described in the section "Suspension of the Net Asset Value Calculation".
- Deferral of redemptions at a particular Valuation Day to the next Valuation Day where redemptions exceed 10% of a Sub-Fund's Net Asset Value, see sub-section "Deferred redemptions" in section "Buying, Switching, Redeeming and Transferring Units".
- In its sole discretion, acceptance of requests from Unitholders for redemption applications to be settled in kind (see sub-section "Redemptions in kind" in section "Buying, Switching, Redeeming and Transferring Units").
- Application of swing pricing or dilution levy adjustments, as further detailed in section "Swing Pricing and Dilution Levy".

Unitholders that wish to assess the underlying assets' liquidity risk for themselves should note that the Sub-Funds complete portfolio holdings are indicated in the latest annual or semi-annual report as described in section "Other Information for Investors".

Global exposure and risk monitoring approaches

Global exposure

The global exposure relating to financial derivative instruments may be calculated through the commitment approach or Value at Risk ("VaR") approach.

The risk monitoring approach used by the Management Company for each Sub-Fund is disclosed in section "Sub-Fund Information".

Commitment approach

The Management Company, on behalf of a Sub-Fund using a commitment approach to determine its global exposure to derivative instruments, will ensure that such global exposure does not exceed the limits as set out in the CSSF Circular 11/512 of 30 May 2011, as may be amended or restated from time to time.

VaR approach

The Management Company, on behalf of a Sub-Fund using a VaR approach to determine its global exposure to derivative instruments, will ensure that such global exposure does not exceed the limits as set out in the CSSF Circular 11/512 of 30 May 2011, as may be amended or restated from time to time.

VaR is a means of measuring the potential loss to a Sub-Fund due to market risk and is expressed as the maximum potential loss, under normal market conditions, measured at a 99% confidence level over a one month time horizon.

There are two forms of VaR approaches, absolute and relative, which are described below:

Risk Monitoring Approach	Description
Absolute Value at Risk (Absolute VaR)	A Sub-Fund seeks to estimate the potential loss it could experience in a month (20 trading days) under normal market conditions. The requirement is that, 99% of the time, such Sub-Fund's worst outcome is no worse than a 20% decline in NAV.
Relative Value at Risk (Relative VaR)	The relative VaR of a Sub-Fund is expressed as a multiple of a benchmark or reference portfolio and cannot, under the same circumstances as above, exceed twice the VaR of the relevant benchmark or reference portfolio. The reference portfolio may be different from the benchmark as stated in "Sub-Fund Information".

Leverage

The Management Company, on behalf of Sub-Funds using the VaR approach, is required under the CESR Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS (CESR/10-788) to disclose the expected level of leverage for these Sub-Funds which is stated in section "Sub-Fund Information".

For the avoidance of doubt, derivative instruments used for efficient portfolio management (including to hedge a position) will also form part of the above leverage calculation.

The expected level of leverage of a Sub-Fund is an indicative level and is not a regulatory limit. A Sub-Fund's actual level of leverage might significantly exceed the expected level from time to time, however the use of derivatives instruments will remain consistent with such Sub-Fund's investment objective and risk profile and comply with its VaR limit.

Unitholders should note that the market risk of a Sub-Fund will be monitored using the VaR approach within the limits of relevant European and/or Luxembourg applicable laws and/or regulations and the VaR approach will be published in the annual report.

Unitholders' attention is drawn to the fact that the use of such methodology may result in a high level of leverage which does not necessarily reflect the actual level of risk of the portfolio.

In this context leverage is a measure of the aggregate derivative usage and is calculated as the sum of the notional exposure of the derivative instruments used and does not reflect a Sub-Fund's netting or hedging arrangements. Some of these instruments may actually reduce the risk within a Sub-Fund, consequently, the ratio indicated for a Sub-Fund in the section "Sub-Fund Information" does not necessarily indicate increased levels of risk within the relevant Sub-Fund. In addition, the ratio disclosed in section "Sub-Fund Information" is increased when a Sub-Fund replaces or 'rolls' its currency positions over a short period and so does not necessarily indicate any increased level of risk within the Sub-Fund.

When a transferable security or money market instrument embeds a derivative instrument, the latter must be taken into account when complying with the requirements of this section.

Unit classes

Within each Sub-Fund, the Management Company may create and issue Unit Classes with various characteristics and investor eligibility requirements.

Unitholders may request the list of all available Unit Classes from the Management Company, the Distributor or the Registrar and Transfer Agent.

Each Unit Class is identifiable by an International Securities Identification Number (ISIN).

Definitions and characteristics

Unit Class	Eligible Investors	Minimum investment and holding amounts		
		Initial investment	Additional investment	Holding amount
A	Available to distributors, platforms and other intermediaries who meet the eligibility and minimum investment criteria.	EUR 1,000	EUR 75	EUR 1,000
C	Available to: <ul style="list-style-type: none"> Eligible Counterparties investing for their own account. Other collective investment schemes. Distributors, platforms and other intermediaries who operate fee-based arrangements with their clients to provide advisory or discretionary portfolio management services and do not receive any fee rebates from the Management Company. For these clients, Minimum Subscription limits will not be applied. Companies which the Management Company deems to be associate companies and other investors which have an agreement with the Management Company. 	EUR 500,000	EUR 50,000	EUR 500,000
CI	Available to Institutional Investors.	EUR 500,000	EUR 50,000	EUR 500,000
K	Available to Institutional Investors who are: <ul style="list-style-type: none"> affiliated companies to the Management Company; or collective investment schemes managed by the Management Company (or by an affiliated company) and which have entered into a prior written fee-paying arrangement with the Management Company.	Not applicable. Upon agreement with the Management Company.		

Unit Class	Eligible Investors	Minimum investment and holding amounts		
		Initial investment	Additional investment	Holding amount
L	<p>Available to certain investors, approved by the Management Company, who:</p> <ul style="list-style-type: none"> • subscribe within a certain period of the launch date of the relevant Sub-Fund; and • meet the minimum investment criteria. <p>Offered for a restricted time only and may be at a reduced annual management charge.</p> <p>Any investors who have acquired access to this Unit Class can continue investing in this Unit Class even after the initial period has passed.</p>	<p>Minimum amounts may differ per Sub-Fund. See section “Sub-Fund Information”.</p>		
LI	<p>Available to Institutional Investors who:</p> <ul style="list-style-type: none"> • are approved by the Management Company; and • subscribe within a certain period of the launch date of the relevant Sub-Fund; and • meet the minimum investment criteria. • Offered for a restricted time only and may be at a reduced annual management charge. <p>Any Institutional Investors who have acquired access to this Unit Class can continue investing in this Unit Class even after the initial period has passed.</p>	<p>Minimum amounts may differ per Sub-Fund. See section “Sub-Fund Information”.</p>		
P	<p>Available to all investors, with the prior agreement of the Management Company, in certain limited circumstances:</p> <ul style="list-style-type: none"> • for distribution in certain countries; and • through certain distributors. 	EUR 1,000	N/A	EUR 1,000
PI	<p>Available to Institutional Investors with the prior written agreement of the Management Company, in certain limited circumstances:</p> <ul style="list-style-type: none"> • for distribution in certain countries; and • through certain distributors. 	EUR 500,000	EUR 50,000	EUR 500,000
Z	<p>Available to investors who:</p> <ul style="list-style-type: none"> • qualify for the Class C Units; and • have entered into a prior written fee-paying arrangement with the Management Company. <p>Designed to accommodate an alternative charging structure whereby the annual management charge is administratively levied and collected directly from the investor by the Management Company.</p>	<p>Not applicable. Upon agreement with the Management Company.</p>		

Unit Class	Eligible Investors	Minimum investment and holding amounts		
		Initial investment	Additional investment	Holding amount
ZI	<p>Available to Institutional Investors who have entered into a prior written fee-paying arrangement with the Management Company.</p> <p>Designed to accommodate an alternative charging structure whereby the annual management charge is administratively levied and collected directly from the Institutional Investor by the Management Company.</p>	<p>Not applicable.</p> <p>Upon agreement with the Management Company.</p>		

Minimum investment and holding amounts per Unit Class listed above are in EUR or in equivalent amounts in alternative currencies unless specified differently in the section “Sub-Fund Information”.

The Management Company may, at its discretion, reduce or waive the minimum investment and holding amounts described above, with respect to any Sub-Fund, Unit Class or Unitholder.

Naming conventions

Unit Class names are structured as follows:

“M&G (Lux)” + Sub-Fund designation + Unit Class identifier + one or more suffixes, as appropriate.

All of these elements are explained below.

M&G (Lux) - All Unit Classes begin with this prefix.

Sub-Fund Name - All Unit Classes include the designation of the relevant Sub-Fund. For example, a Unit Class of the M&G (Lux) Euro Credit Fund will be denoted “M&G (Lux) Euro Credit Fund PI Acc EUR”.

Unit Class - One of the Unit Classes shown in the table above.

Distribution Policy - All Unit Classes include a suffix indicating whether the Unit Class may make a distribution or not, how often a distribution is normally paid and how a distribution amount is calculated. See section “Distribution Policy” below for further information.

Currency Code - All Unit Classes include a three-letter code (which is a standard international currency abbreviation) that indicates the Unit Class Currency, which may or may not be the same as the Valuation Currency of the relevant Sub-Fund.

A Unit Class may be offered in the Valuation Currency of the relevant Sub-Fund and in the following currencies: EUR, GBP, and USD. The Management Company may decide to issue Unit Classes denominated in other currencies.

Currency Hedging - Currency Hedged Unit Classes include “Hedged” which is suffixed to the Unit Class name. See section “Currency Hedging” below for further information.

Distribution Policy

A Sub-Fund may issue accumulation Units and distribution Units.

The Management Company reserves the right to introduce a distribution policy that may vary between Sub-Funds and different Unit Classes in issue.

The distribution frequency of each Sub-Fund is indicated in section “Sub-Fund Information”.

Accumulation Unit Class - Accumulation Unit Classes are identifiable by the suffix “Acc” at the end of their name.

Accumulation Unit Classes do not make any distributions. The income earned is retained in the Net Asset Value.

Distribution Unit Class - Distribution Unit Classes are identifiable by the suffix “Dist” at the end of their name.

Distribution Payments

All types of Unit Classes, except Accumulation Unit Classes, pay distributions. Distributions may vary and are not guaranteed.

The Management Company will also exercise its discretion to determine whether or not to declare a distribution in respect of Distribution Units.

Distributions may be paid out of investment income, capital gains and/or capital at the discretion of the Management Company.

The distribution frequency of each Sub-Fund is indicated in section “Sub-Fund Information”.

Distributions will normally be declared at least annually, and the NAV of the relevant Unit Class reduced by the amount distributed.

Distributions will normally be paid within 2 months of the end of the relevant distribution period. If the distribution due to a Unitholder is less than 50 Euros (or its equivalent in any other currency), the Management Company reserves the right to reinvest the distribution into the same Class in the relevant Sub-Fund (free of any initial charge).

Distributions will be paid by electronic transfer to the Unitholder, or, in the case of joint holders, to the name of the first Unitholder appearing on the register.

Additional distributions may be declared as determined by the Management Company.

No Unit Class will make a distribution payment if the assets of the relevant Sub-Fund are below the equivalent of EUR 1,250,000, or if paying the distribution would cause that situation to occur.

In the case of Distribution Unit Classes, distributions will automatically be reinvested in the same Unit Class unless Unitholders have requested in writing that distributions be paid to them. When distributions are reinvested, new Units will be issued on the payment date at the NAV of the relevant Unit Class. No initial charge, as described in section “Fees and Charges”, will be imposed on reinvestments of distributions.

Distributions are paid in the Unit Class Currency, to the bank account details on file for a Unitholder’s account.

Unitholders are entitled to distributions on Units held on the distribution record date. Distributions due on Units for which payment has not yet been received will be withheld until the purchase has been settled. Distribution payments remaining unclaimed five years after the distribution record date will be forfeited and returned to the relevant Sub-Fund. The Management Company may carry out authentication procedures which could result in the delay of any distribution payment.

Distributions may be treated as taxable income in certain jurisdictions. Unitholders should seek their own professional tax advice.

In the event of a liquidation of a Sub-Fund, any unclaimed distributions will be deposited with the Luxembourg *Caisse de Consignation*, once the liquidation has been completed.

Income Equalisation

Income equalisation arrangements will be applied to the Sub-Funds unless otherwise specified in section “Sub-Fund Information”.

This is a mechanism which aims to minimise the dilutive effect of subscriptions, redemptions and conversion of Units on the level of income accrued and attributable to each Unit in a Unit Class during a distribution period (a distribution period is the period from one distribution record date to the next and the distribution frequency of each Sub-Fund is indicated in the section “Sub-Fund Information”). Income equalisation ensures that income distributions from a Sub-Fund can be the same for all Unitholders, regardless of when the Units were dealt.

A Unitholder who has purchased Units during a distribution period will therefore receive a distribution made up of two amounts:

- income which has accrued from the date of purchase; and

- capital which represents the return of the equalisation element.

The effect is that income is distributed to Unitholders in proportion to the ownership of the Units in the distribution period.

- Naming Conventions

The suffixes in the table below indicate how a distribution amount is calculated, how often a distribution is normally paid and other important investor considerations. If different for a particular Sub-Fund this will be stated in section “Sub-Fund Information”.

The Management Company may, at its absolute discretion, offer Distribution Units where the distribution is based on a fixed amount or a fixed percentage of the Net Asset Value per Unit. Where the amount of investment income earned is not sufficient to meet this fixed amount or fixed percentage, a fixed Distribution Unit Class may be required to make a payment out of capital; Investors should read the risks concerning the impact of distributions paid out of capital disclosed below in sub-section “Risks associated with certain Unit Classes”.

The Management Company will periodically review fixed Distribution Unit Classes and reserves the right to make changes to the distribution rate in cases where maintaining it may adversely impact a Sub-Fund or the Unitholders. For example, if over time, the investment income is higher than the target fixed distribution the Management Company may declare the higher amount to be distributed. Equally the Management Company may deem it is appropriate to declare a distribution lower than the target fixed distribution.

Distribution Unit Class Identifier	Distribution Calculation Methodology
A	A Unit Class which normally pays an annual distribution based on reportable income.
S	A Unit Class which normally pays a semi-annual distribution based on reportable income.
Q	A Unit Class which normally pays a quarterly distribution based on reportable income.
F	<p>A Unit Class which normally pays a dividend based on a predetermined annual distribution yield. A numerical suffix will be used to differentiate predetermined distribution rates of the same Sub-Fund and Unit Class currency (e.g. F2, F3). This suffix does not represent the actual predetermined percentage.</p> <p>The level of the predetermined dividend is at the discretion of the Management Company and may be reviewed periodically.</p> <p>Example: for a given Sub-Fund, USD Class A-H M F (predetermined yield 1) and USD Class A-H M F1 (predetermined yield 2)</p>
SP	<p>A Unit Class which normally pays a monthly distribution based on a variable and predetermined annual monetary distribution. The Unit Class aims to provide Unitholders with consistent monthly distribution payments over a rolling period based on the estimated annual income of a Sub-Fund (before deducting any charges and expenses).</p> <p>The Unit Class is identified by the suffix “SP” in reference to its aim to provide a stable payment.</p> <p>The distribution is calculated at the discretion of the Management Company and may be reviewed periodically to reflect changes in the estimated gross annual income of the Sub-Fund.</p> <p>Example: USD Class A M SP - Dist</p>

Distribution Unit Class Identifier	Distribution Calculation Methodology
SY	<p>A Unit Class which normally pays a distribution based on a variable and predetermined annual distribution yield. The Unit Class aims to provide unitholders with a consistent distribution yield over a rolling period based on the estimated annual yield of a Sub-Fund (before deducting any charges and expenses).</p> <p>The Unit Class is identified by the suffix “SY” in reference to its aim to provide a stable yield.</p> <p>The distribution is calculated at the discretion of the Management Company and may be reviewed periodically to reflect changes in the estimated annual yield of a Sub-Fund.</p> <p>Example: EUR Class A-H Q SY - Dist</p>

Currency Hedging

Unit Classes may be unhedged or currency hedged.

Naming Conventions

Currency Hedged Unit Classes are identified by “Hedged” suffixed to the Unit Class name.

Currency hedging methodologies

When offering Currency Hedged Unit Classes, a Sub-Fund may use one of the following three currency hedging methodologies:

Hedging Methodology	Description
Replication	The Investment Manager undertakes hedging transactions to reduce the effect of exchange rate fluctuations between the currency of the Currency Hedged Unit Classes and the Valuation Currency of a Sub-Fund.
Look Through	<p>The Investment Manager undertakes hedging transactions to reduce the exposure of the unitholders of Currency Hedged Unit Classes to movements in the material currencies within a Sub-Fund’s portfolio.</p> <p>Where a Sub-Fund invests globally, proxy currencies may be used to hedge certain currency exposures where the cost of hedging the relevant Valuation Currency may not achieve the best outcome. Where a suitable proxy currency cannot be determined, the exposure may remain un-hedged. The aggregate value of any un-hedged exposures at a particular point in time could be material.</p>
Benchmark	The Investment Manager undertakes currency hedging transactions to capture their active currency views relative to a pre-defined benchmark. The Unit Class hedges the portfolio’s currency exposures to the extent of their weighting within the benchmark of the Sub-Fund, therefore only leaving the Currency Hedged Unit Class exposed to the Investment Manager’s active currency views.

Information about the hedging methodology used by a Sub-Fund is provided in section “Sub-Fund Information”.

Investors should note that, irrespective of the Unit Class hedging methodology, there is no guarantee the currency hedging will be totally successful, and it will not be possible to always fully hedge a Currency Hedged Unit Class against the effect of currency exchange rate fluctuations.

The main financial derivatives instruments used by the currency hedging methodologies are forward foreign exchange contracts.

Risks associated with certain unit classes

Distribution from capital risk

Where a Unit Class distributes more net income than it has earned, the distribution will be paid out of the excess of realised and unrealised capital gains over realised and unrealised losses, or even capital, resulting in erosion of the capital invested. Distribution payments resulting in capital erosion will reduce the potential for long-term capital growth. This cycle may continue until all capital is depleted (subject to the minimum Net Asset Value requirement detailed above). This may also be tax-inefficient in certain countries and investors are recommended to seek their own advice.

Currency Hedged Unit Classes risk

Exchange rate fluctuations can materially impact investment returns and investors should ensure that they fully understand the difference between investment in hedged and non-hedged Unit Classes.

Currency risk

Irrespective of the Unit Class hedging methodology, the currency hedge used to minimise the effect of exchange rate fluctuations will not be perfect. It will not completely eliminate the exposure of a Currency Hedged Unit Class to currency movements and no assurance can be given that the currency hedging objective will be achieved. Unitholders may still be exposed to an element of currency exchange rate risk through exposure to currencies other than the currency of the Hedged Unit Class and the risks associated with the instruments used in the hedging process.

The currency hedge implemented is equivalent to between 95% and 105% of the Net Asset Value of a Currency Hedged Unit Class. Hedged positions are monitored on an ongoing basis to ensure they do not exceed the levels set out above. However, factors outside the control of the Management Company or its delegates, such as changes in the value of the portfolio of a Sub-Fund or the volume of subscriptions and redemptions, may lead to over-hedged or under-hedged positions. In such cases, the currency hedge will be adjusted without undue delay.

Investors should be aware that the currency hedging strategy may substantially limit Unitholders of the relevant Currency Hedged Unit Class from benefiting if the Currency Hedged Unit Class Currency falls against the relevant hedging Valuation Currency.

During periods when interest rates across currency areas are very similar, the interest rate differential (the “IRD”) is very small, the impact on Currency Hedged Unit Class returns is low. However, in an environment where interest rates are significantly different between the relevant hedging Valuation Currency of the Sub-Fund and the Currency Hedged Unit Class Currency, the IRD will be higher and the performance difference will be greater.

Certain Sub-Funds may also invest in currency derivatives, with the aim of generating returns at the portfolio level. This is indicated in the Sub-Fund’s investment policy and only occurs where the Currency Hedged Unit Class uses NAV hedge. Accordingly, whilst the hedging seeks to minimise the effect of exchange rate fluctuations between the Valuation Currency of the Sub-Fund and the Unit Class Currency of the currency hedged Unit Class, there may be currency risk in the portfolio.

Currency Hedged Unit Classes will be hedged irrespective of the movements in currency exchange rates.

Spill-over risk

Gains or losses arising from currency hedging transactions are borne by the Unitholders of the respective Currency Hedged Unit Classes.

As there is no legal segregation of assets and liabilities between different Unit Classes in the same Sub-Fund, there is a risk that, under certain circumstances, hedging transactions or the requirement for collateral (if such activity is collateralised) in relation to one Currency Hedged Unit Class could have an adverse impact on other Unit Classes in the same Sub-Fund.

Overview

The table below presents the possible combinations of Unit Class features:

Unit Class Type	Distribution Policy	Distribution Frequency*	Distribution Type**	Available currencies	Hedging Policy***
A, C, CI, K, L, LI, P, PI, Z, ZI	Accumulation	N/A	N/A	EUR, GBP, USD or any such other currency as the Fund may decide to use.	Standard (unhedged)
A, C, CI, K, L, LI, P, PI, Z, ZI	Distribution	Annual Semi-Annual (S) Quarterly (Q) Monthly (M)	Standard distribution Fixed distribution		Hedged (H)

* Where a Unit Class is available with a different distribution frequency than that of its Sub-Fund, that Unit Class will be identified by a suffix to the Unit Class name

** See sub-section “Distribution Policy”

*** See sub-section “Currency Hedging”

Fees and charges

This section describes the various fees and charges that a Unitholder pays and how they work. The Management Company may, at its sole discretion, pay some or all of the amounts received for certain charges and fees as commission, retrocession, rebate or discount to some or all investors, financial intermediaries or distributors, on the basis of factors such as the size, nature, timing or commitment of their investment, among others.

Each Unit Class in the Fund has an Ongoing Charges Figure (OCF) which is shown in the relevant KIID. The OCF is intended to assist Unitholders to ascertain and understand the impact of charges on their investment each year and to compare the level of those charges with the level of charges in other funds. The OCF excludes portfolio transaction costs and any initial charge or redemption charge but will capture the effect of the various charges and expenses referred to below. Portfolio transaction costs include dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Fund on a Sub-Fund's transactions.

The annual and semi-annual reports of the Fund provide further information on portfolio transaction costs incurred in the relevant reporting period.

Initial charge

The Management Company is permitted to apply an initial charge on subscriptions for Units.

The initial charge:

- may be waived in whole or in part at the discretion of the Management Company
- is calculated as a percentage of the amount being invested. The maximum initial charge amount is 5.00% of the value of a subscription
- is disclosed, where applicable to a Sub-Fund, in section "Sub-Fund Information"

Switch charge

The Management Company is permitted to apply a charge on switches from one Unit Class to another Unit Class.

The switch charge:

- may be waived in whole or in part at the discretion of the Management Company
- is calculated as a percentage of the NAV of the Units in the new Unit Class
- is disclosed, where applicable to a Sub-Fund, in section "Sub-Fund Information"

Redemption charge

The Management Company is permitted to apply a redemption charge on redemptions of Units.

The redemption charge:

- may be waived in whole or in part at the discretion of the Management Company
- is calculated as a percentage of the NAV of the Units in the relevant Unit Class
- is disclosed, where applicable to a Sub-Fund, in section "Sub-Fund Information"

Without limitation to the general power to make a redemption charge, the Management Company will consider making a redemption charge on the redemption of Units by an investor in the event that the Management Company considers that such investor is systematically redeeming or switching Units within a short time period.

Dilution levy

Please refer to subsection “Swing Pricing and Dilution Levy” in section “Pricing of Units and Valuation of Sub-Funds”.

Annual management charge

The Management Company is permitted to take a charge from each Unit Class of each Sub-Fund as payment for carrying out its duties and responsibilities.

The annual management charge is based on a percentage of the Net Asset Value of each Unit Class in each Sub-Fund. The annual rate of this charge is set out in section “Sub-Fund Information”.

Each day the Management Company charges one-365th of the annual management charge (or one-366th if it is a leap year). If the day is not a Valuation Day, the Management Company will take the charge into account on the next Valuation Day.

The Management Company calculates this charge using the Net Asset Value of each Unit Class plus or minus net subscriptions or redemptions on the previous Valuation Day which approximates the Net Asset Value on the Valuation Day.

The Management Company may from time to time, and in its sole discretion, and out of its own resources decide to waive or return to a Sub-Fund all or a portion of the fee payable to the Management Company. It may also in its sole discretion based on objective criteria, and out of its own resources decide to rebate to some or all Unitholders, their agents or to intermediaries, part or all of the fee payable to the Management Company in accordance with applicable laws and regulations.

The Management Company shall also be entitled to be repaid all of its disbursements out of the assets of the Sub-Funds, including legal fees, couriers’ fees and telecommunication costs and expenses which shall be at normal commercial rates together with value added tax, if any, thereon.

The Investment Manager is remunerated by the Management Company from its annual management charge.

Unit class hedging charge

The Management Company is permitted to apply a charge from each Currency Hedged Unit Class of each Sub-Fund as payment for currency hedging services.

The Unit Class hedging charge is a variable rate which is not expected to exceed 0.06% (plus any value added tax if applicable). The exact rate will vary within the specified range depending upon the total amount of Unit Class currency hedging activities across the entire range of funds managed by the Management Company.

The Unit Class hedging charge is calculated and taken into account daily and paid fortnightly on the same basis as described above for the annual management charge.

If the cost of providing Unit Class currency hedging services to a Sub-Fund is more than the Unit Class hedging charge taken in any period, the Management Company will make up the difference. If the cost of providing Unit Class currency hedging services to a Sub-Fund is less than the Unit Class hedging charge taken in any period, the Management Company will keep the difference.

Depositary charges

The Depositary takes a charge from each Sub-Fund as payment for its duties as depositary. The Depositary’s charge is based on the Net Asset Value of each Sub-Fund, and in normal circumstances, the fees payable to the Depositary for its services shall be subject to a maximum of 1 basis point.

The Depositary's charge is calculated and taken into account daily on the same basis as described above for the annual management charge.

The Depositary may also make a charge for its services in relation to:

- distributions
- the provision of banking services
- holding money on deposit
- lending money
- engaging in stock lending, derivative or unsecured loan transactions
- the purchase or sale, or dealing in the purchase or sale of, the assets of the Fund

provided that the services are in accordance with the provisions of applicable law

The Depositary is also entitled to payment and reimbursement of all costs, liabilities and expenses it incurs in the performance of, or in arranging the performance of, functions conferred on it by the Management Regulations or by general law. Such expenses generally include, but are not restricted to:

- delivery of stock to the Depositary or custodian
- collection and distribution of income and capital
- submission of tax returns and handling tax claims
- such other duties as the Depositary is permitted or required by law to perform

Custody charges

The Depositary is entitled to fees in relation to the safe-keeping (custody) of each Sub-Fund's assets.

The custody charge is variable depending upon the specific custody arrangements for each type of asset.

The custody charge is a range between 0.00005% and 0.40% of the asset values per annum.

The custody charge is taken into account daily in each Unit Class's price. It is calculated each month using the value of each asset type and it is paid to the Depositary when it invoices each Sub-Fund.

Custody transaction charges

The Depositary is also entitled to fees in relation to processing transactions in each Sub-Fund's assets.

The custody transaction charges vary depending on the country and the type of transaction involved.

The custody transaction charges generally range between EUR5 and EUR100 per transaction.

The custody transaction charges are taken into account daily in each Unit Class's price. It is calculated each month based on the number of transactions that have taken place and it is paid to the Depositary when it invoices each Sub-Fund.

Paying agent charges

Fees and expenses of any paying agent(s) appointed by the Management Company, which will be at normal commercial rates, shall be borne by the Management Company.

Administration charges

The Management Company is permitted to take a charge from each Unit Class of each Sub-Fund as payment for administrative services to the Fund.

The administration charge is based on a percentage of the Net Asset Value of each Unit Class in each Sub-Fund.

The annual rate of this charge is set out in section “Sub-Fund Information” for each Sub-Fund (plus any value added tax if applicable).

The administration charge is calculated and taken into account daily and is paid fortnightly to the Management Company on the same basis as described above for the annual management charge.

If the cost of providing administrative services to the Fund is more than the administration charge taken in any period, the Management Company will make up the difference. If the cost of providing administrative services to the Fund is less than the administration charge taken in any period, the Management Company will keep the difference.

Service provider fees

The Management Company, in respect of any Sub-Fund, may appoint alternative and/or additional service providers. Fees payable to the relevant service provider shall be borne by the relevant Sub-Fund.

Other expenses

Costs and expenses relating to the establishment and authorisation of the Fund, the offer of Units, the preparation and printing of this Prospectus and the fees of the professional advisers to the Management Company, on behalf of the Fund, in connection with the above will be borne by the Management Company.

The direct establishment costs of each Sub-Fund formed, or Unit Class created, may be borne by the relevant Sub-Fund or by the Management Company at its discretion.

The Management Company may pay out of the assets of the Fund charges and expenses incurred by the Fund unless they are covered by the administration charge. These include the following expenses:

- reimbursement of all out of pocket expenses incurred by the Management Company in the performance of its duties
- portfolio transaction costs including dealing spread, broker’s commission, transfer taxes and stamp duty and other disbursements which are necessarily incurred in effecting transactions for the Sub-Funds
- any fees or expenses of any legal or other professional adviser of the Fund
- liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of assets to the Sub-Funds in consideration for the issue of Units
- interest on borrowing and charges incurred in effecting or terminating such borrowing or in negotiating or varying the terms of such borrowing on behalf of the Sub-Funds
- taxation and duties payable in respect of the assets of the Sub-Funds or of the issue or redemption of Units;
- audit fees of the Auditor (including value added tax) and any expenses of the Auditor
- if the Units are listed on any stock exchange, the fees connected with the listing (though none of the Units are currently listed)
- any value added or similar tax relating to any charge or expense set out herein

Any such operating and other expenses may be deferred and amortised by the Management Company, in accordance with standard accounting practice.

An estimated accrual for operating expenses of the Management Company will be provided for in the calculation of the Net Asset Value of the Sub-Funds. Operating expenses and the fees and expenses of service providers which are payable by the Management Company shall be borne by all Units in proportion to the aggregate Net Asset Value of the Sub-Funds, or any other basis which the Management Company deems appropriate, or attributable to the relevant Unit Class provided that fees and expenses directly or indirectly attributable to a particular Unit Class shall be borne solely by the relevant Unit Class.

The cost and expenses relating to research services provided to the Investment Manager by brokers, or independent research providers, will be borne by the Investment Manager.

Single charge

To the extent provided for a Sub-Fund in section “Sub-Fund Information”, and in derogation to the fees and charges normally payable by a Sub-Fund which are described above, the Management Company may be entitled to a single charge as specified and described in section “Sub-Fund Information”.

Allocation of fees, charges and expenses

All fees, charges and expenses are charged to the relevant Sub-Fund and/or relevant Unit Class in respect of which they were incurred. Where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro rata to the value of the aggregate Net Asset Value of the Sub-Funds, although the Management Company may, at its discretion, allocate such fees and expenses in a manner which it considers fair to Unitholders generally.

For Distribution Units, unless otherwise specified in section “Sub-Fund Information”, most charges and expenses are charged to capital. This treatment of the charges and expenses may increase the amount of income distributed to Unitholders in the Unit Class concerned, but it may constrain capital growth.

For Accumulation Units, most charges and expenses are paid from income. If there is insufficient income to fully pay those charges and expenses, the residual amount is taken from capital.

Buying, switching, redeeming and transferring units

General information

The following information applies to all deals with the exception of transfer requests.

Unit Class availability

Unit Classes and Sub-Funds are not all registered for sale or available in all jurisdictions. All information in this Prospectus about Unit Class availability is accurate as at the Prospectus date. For the most current information on available Unit Classes, Unitholders may request a list free of charge from the Management Company, the Distributor or the Registrar and Transfer Agent.

Placing dealing requests

Unitholders may place requests to buy, switch or redeem Units at any time via fax, letter, or other electronic means that may be accepted at the discretion of the Management Company. Dealing requests can be sent either to the Registrar and Transfer Agent, a local representative, paying agent or distributor. Units may also be held and transferred through approved electronic clearing platforms.

Registrar and Transfer Agent contact details are:

RBC Investor Services Bank S.A.

14 Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg

Fax: +352 2460 9901

Applications for additional Units may be processed without a requirement to submit original documentation, although these requests may be subject to the Unitholder providing all supporting documents as may be required.

When operating any dealing request, Unitholders must include all necessary identifying information and instructions as to the Sub-Fund, Unit Class, account, size and type of deal (buying, redeeming or switching) and settlement currency.

Unitholders may indicate the request either as a Unit amount (including fractional Units up to three decimal places) or a monetary amount. All requests will be dealt with in the order in which they are received. Units will be bought and redeemed at the Price per Unit of the relevant Unit Class.

Incomplete or unclear dealing requests will typically be delayed or rejected. The Management Company does not accept any responsibility for any losses or missed opportunities in this regard.

Cut-off times

Unless otherwise stated in section "Sub-Fund Information", dealing requests will be processed on the Valuation Day on which they are received, provided they are received by 13:00 Luxembourg time on that Valuation Day or such other time as the Management Company may determine. Dealing requests which are received and accepted after that time will be processed on the next Valuation Day.

A contract note will normally be sent on the working day after the dealing request is processed.

Dealing currencies

The Management Company only accepts and makes payments in the Unit Class Currency.

Charges and costs

Unitholders are responsible for all charges associated with their purchases, switches and redemptions of Units, as described in section “Sub-Fund Information”.

Unitholders are also responsible for paying any bank fees, taxes, and any other fees or costs they incur in connection with dealing requests.

Settlement of dealing requests

Unless indicated otherwise in section “Sub-Fund Information”, the contractual settlement date for subscriptions, redemptions and switches will normally be three working days (which are days when the banks are fully open for normal business in both Luxembourg and England) after the deal has been placed.

If banks or interbank settlement systems in the country of the settlement currency or the Unit Class Currency are closed or not operational on the settlement date, settlement will be delayed until they are open and operating. Any day within the settlement period that is not a Valuation Day for a Sub-Fund will be excluded when determining the settlement date.

In all cases, the contractual settlement dates are confirmed on the relevant contract note.

Buying units

Initial offer

Units in the Fund may be subscribed for during an Initial Offer Period preceding the launch of a Sub-Fund or from the launch date of a Sub-Fund. The Management Company may extend or shorten an Initial Offer Period at its discretion.

The Management Company may determine, in its sole and absolute discretion, taking into account the best interests of investors, that subscriptions whether in respect of a Sub-Fund or a particular Unit Class received during any relevant Initial Offer Period are insufficient and, in such event, the amount paid on application will be returned (without interest) as soon as practicable in the relevant currency at the risk and cost of the applicant.

Subscriptions will be accepted upon verification by the Registrar and Transfer Agent or the Management Company as the case may be, that the relevant investors have satisfied any information request and have confirmed receipt of a KIID of the Unit Class into which they intend to subscribe.

The Management Company may, in its absolute discretion, delay the acceptance of any subscription for Units of a Unit Class restricted to Institutional Investors until such date as it has received sufficient evidence of the qualification of the investor as an Institutional Investor. If it appears at any time that a holder of a Unit Class restricted to Institutional Investors is not an Institutional Investor, the Management Company will either redeem the relevant Units in accordance with the provisions under “Compulsory Redemptions” below, or switch such Units into a Unit Class that is not restricted to Institutional Investors (provided there exists such a Unit Class with similar characteristics) and notify the relevant Unitholder of such switch.

Subsequent subscriptions

Following the close of the relevant Initial Offer Period and unless otherwise specified in the relevant section “Sub-Fund Information”, Units will be available for subscription at the Price per Unit as of the relevant Valuation Day.

The Management Company may charge an initial charge on such a subscription for Units as set out in “Fees and Charges”, and, if applicable, a dilution levy as set out in the sub-section “Swing Pricing and Dilution Levy”, as the case may be, and as specified in the relevant section “Sub-Fund Information”. However, where the relevant Sub-Fund is a master fund of another UCITS, the relevant feeder fund will not pay any initial charge in relation to its subscription in the Sub-Fund.

The Management Company is authorised from time to time to resolve to close or suspend any Unit Class to new subscriptions on such basis and on such terms as the Management Company may in its absolute discretion determine.

Procedure

On placing their initial subscription, applicants for Units should complete and sign an application form and send it to the Registrar and Transfer Agent by mail at the following address: RBC Investor Services Bank S.A., 14 Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg.

Initial applications may be made by facsimile on +352 2460 9901 subject to the prompt receipt by the Registrar and Transfer Agent of the original signed application form and such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required.

Thereafter, Unitholders wishing to apply for additional Units may apply for Units by facsimile and these applications may be processed without a requirement to submit original documentation, although these applications may be subject to the relevant Unitholder providing such other supporting documents (such as documentation in relation to money laundering prevention checks) as may be required.

Amendments to a Unitholder's registration details and payment instructions will (subject to the Management Company's discretion) only be effected on receipt of original documentation with authorised signatures.

Applications for Units during the Initial Offer Period should be completed and submitted so as to be received by the Registrar and Transfer Agent no later than the end of the Initial Offer Period. If the original application form is not received by this deadline, the application will be held over until the first Valuation Day after the close of the Initial Offer Period and Units will then be issued at the relevant Price per Unit on that Valuation Day.

Thereafter, applicants for Units, and Unitholders wishing to apply for additional Units, must send their completed and signed application form by facsimile to the Registrar and Transfer Agent by the applicable cut-off time. Applications received after this deadline for any given Valuation Day shall be treated as received prior to the next applicable cut-off time.

If subscribed Units are not paid for, the Management Company may redeem the Units issued, whilst retaining the right to claim the subscription fees, commission and any other costs that may have occurred and to be confirmed by the Management Company. In this case the applicant may be required to reimburse the Management Company, on behalf of the relevant Sub-Fund, for any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to make timely settlement, as conclusively determined by the Management Company in its discretion. In computing such losses, costs or expenses account shall be taken, where appropriate, of any movement in the price of the Units between allotment and cancellation or redemption and the costs incurred by the Management Company, on behalf of the relevant Sub-Fund, in taking proceedings against the applicant.

The Management Company reserves the right to reject any application in whole or part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the relevant currency at the risk and cost of the applicant.

Units may not be issued by the Management Company during any period in which the calculation of the Net Asset Value of the relevant Sub-Fund is suspended in accordance with the section "Suspension of the Net Asset Value Calculation".

Fractions of Units of up to three decimal places will be issued if necessary. Interest on subscription monies will accrue to the Fund.

Any applications submitted electronically must be in a form and method agreed by the Management Company and the Registrar and Transfer Agent.

Unless otherwise agreed by the Management Company, applications will be irrevocable.

The Management Company may accept subscriptions via electronic trading accounts. Please contact the Management Company or the Registrar and Transfer Agent for further details.

Temporary closure of a Sub-Fund or Unit Class

A Sub-Fund or Unit Class may be closed totally or partially to new subscriptions or switches in (but not to redemptions or switches out of it) if, in the opinion of the Management Company, this is necessary to protect the interests of existing Unitholders.

One such circumstance would be where a Sub-Fund or Unit Class has reached a size such that the capacity of the market and/or the capacity of the Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Sub-Fund. Where any Sub-Fund or Unit Class is materially capacity constrained in the opinion of the Management Company, the Sub-Fund or Unit Class may be closed to new subscriptions or switches in without notice to Unitholders.

Details of Sub-Funds and Unit Classes which are closed to new subscriptions and switches will be provided in the annual report including the audited financial statements and in the half-yearly report including the unaudited financial statements.

Where any type of closure to new subscriptions or switches occurs, the website of the Management Company will be amended to indicate the change in status of the applicable Sub-Fund or Unit Class. Unitholders and potential investors should confirm with the Management Company or the Registrar and Transfer Agent the current status of the relevant Fund or Unit Class.

Once closed, a Sub-Fund or Unit Class will not be re-opened until, in the opinion of the Management Company, the circumstances which required closure no longer prevail.

Subscriptions in kind

The Management Company may agree to the issue of Units in exchange for assets other than cash but will only do so where, in its absolute discretion, it is determined that the Sub-Fund's acquisition of such assets in exchange for Units complies with the investment policies and restrictions laid down in the section "Sub-Fund Information", has a value equal to the relevant Price per Unit of the Units (together with any initial charge, if applicable) and is not likely to result in any material prejudice to the interests of Unitholders.

Such contribution in kind to any Sub-Fund will be valued independently in a special report from the Fund's auditor, upon the request of the Management Company established at the expense of the investor unless the Management Company decides otherwise.

All supplemental costs will be borne by the investor making the contribution in kind or by such other third party as agreed by the Management Company in its sole and absolute determination.

Minimum investment

The minimum holding, the Minimum Subscription and the minimum subsequent subscription (if any) for each Unit Class are set out under section "Unit Classes" below and may, in each case, be waived at the discretion of the Management Company.

Ineligible investors

The application form requires each prospective applicant for Units to represent and warrant to the Management Company that, among other things, it is not an ineligible investor.

In particular, the Units may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Management Company, might result in a Sub-Fund incurring any liability or taxation or suffering any other pecuniary disadvantage which the Sub-Fund might not otherwise incur or suffer, or would result in such Sub-Fund being required to register under any applicable US securities laws.

Units may generally not be issued or transferred to or for the account of a US Person.

If the transferee is not already a Unitholder, it will be required to complete the appropriate application form and provide any other documentation that may be specified from time to time.

Form of Units

All the Units will be registered Units and will only be issued in book stock form, meaning that a Unitholder's entitlement will be evidenced by an entry in the Fund's register of Unitholders, as maintained by the Registrar and Transfer Agent, and not by a Unit certificate.

Suspension

The Management Company may declare a suspension of the issue of Units in certain circumstances as described in the section "Suspension of the Net Asset Value Calculation". No Units will be issued during any such period of suspension.

Switching units

Except when issues and redemptions of Units have been suspended, as described in the section "Pricing of Units and Valuation of Sub-Funds", Unitholders may convert Units of any Sub-Fund and Unit Class into Units of any other Unit Class of the same Sub-Fund or another Sub-Fund of the Fund, subject to the following conditions:

- unitholders must meet all eligibility requirements for the Unit Class into which Unitholders are requesting to switch any switch must meet the minimum investment amount of the Unit Class being switched into, or the request typically will be rejected
- any partial switch should leave at least the minimum investment amount in the Unit Class being switched out of; if it does not, the request can be processed as a full switch
- the switch must take place between Unit Classes that are denominated in the same currency. Switches between Unit Classes with different currencies would have to be placed by the Unitholder as a separate redemption and a corresponding subscription either for an estimated amount on the same day or for an amount calculated on the next day once the value of the redemption is known
- the switch must not violate any restrictions of either Sub-Fund involved as stated in this in section "Sub-Fund Information"

The Management Company may at its absolute discretion reject any switch request in whole or in part.

Procedure

Unitholders should send a completed switch request in a format approved by the Registrar and Transfer Agent to be received by the Registrar and Transfer Agent prior to the earlier of the dealing cut-off time for redemptions in the original Class and the dealing cut-off time for subscriptions in the new Class. Any applications received after such time will be dealt with on the next Valuation Day.

Unitholders receive the NAV of old Units and pay the NAV for the new Units after deduction of any applicable switch charges, both prices being those that apply to the Valuation Day on which the switch is processed. A switch will be processed only on a day that is a Valuation Day for both Sub-Funds involved, which may mean a delay.

When Unitholders switch into a Unit Class that has a higher initial charge, they may be charged the difference between the two initial charges, in addition to any applicable switch charge.

All terms and notices regarding the redemption of Units shall equally apply to any switch of Units.

The number of new Unit Classes to be issued will be calculated in accordance with the following formula:

$$S = \frac{(R \times P \times ER)}{SP}$$

where

- S is the number of new Unit Classes to be allotted

- R is the number of old Unit Classes to be redeemed
- P is the Price per Unit of the old Class as at the relevant Valuation Day
- ER is the currency exchange factor (if any) as determined by the Administrative Agent as representing the effective rate of exchange of settlement on the relevant Valuation Day applicable to the transfer of assets between the relevant Sub-Funds or Unit Classes where the Valuation Currencies are different or, where the Valuation Currencies are the same, $ER = 1$
- SP is the Price per Unit of the new Unit Class as at the relevant Valuation Day

Unitholders will own Units in the new Sub-Fund when the proceeds of the Units have been released by the Sub-Fund being switched out of, but not earlier than three Valuation Days after the deal request has been received.

Redeeming units

Unitholders may apply for redemption of any or all of their Units on any Valuation Day specified for the relevant Classes in the relevant section “Sub-Fund Information”.

Procedure

Unitholders should send a completed redemption request in a format approved by the Registrar and Transfer Agent to be received by the Registrar and Transfer Agent no later than the applicable cut-off time. If as a result of any redemption request, the number of Units held by any Unitholder in a Class would fall below the minimum holding for that Unit Class, if any, the Management Company may, in its absolute sole discretion, treat such request as a request to redeem the full balance of such Unitholder’s holding of Units in the relevant Unit Class. Any redemption requests received after the applicable cut-off time will be processed on the next Valuation Day.

Redemption requests may be submitted to the Registrar and Transfer Agent by facsimile, provided that all the original documentation as may be required by the Management Company has been received by the Management Company or its delegate (including any documents in connection with anti-money laundering procedures) and the anti-money-laundering procedures have been completed in advance of the relevant applicable cut-off time.

Redemption price

The price paid upon redemption will be equal to the Price per Unit as of the relevant Valuation Day determined in accordance with the policy set out in the section “Net Asset Value Calculation”.

The Management Company may charge a redemption charge as set out in “Fees and Charges” and, if applicable, a dilution levy as set out in the sub-section “Swing Pricing and Dilution Levy”, as the case may be, and as specified in the relevant section “Sub-Fund Information”.

The amount due will be transferred to the Unitholder’s account of record from by the settlement date.

Amendments to a Unitholder’s details and payment instructions will (subject to the Management Company’s discretion) only be effected on receipt of original documentation.

Minimum redemption, conversion or transfer

The Management Company may refuse to comply with a redemption, conversion or transfer instruction if it is given in respect of part of a holding in a relevant Unit Class which has a value of less than the minimum holding amount as specified under section “Unit Classes” or if to do so would result in such a holding being less than the minimum holding amount as specified in the section entitled “Unit Classes”.

Suspension

The Management Company may declare a suspension of the redemption of Units in certain circumstances as described in the section “Suspension of the Net Asset Value Calculation”.

No Units will be redeemed during any such period of suspension.

Compulsory redemptions

In accordance with the procedure set out in the Management Regulations, the Management Company may effect a compulsory redemption of any or all Units held by a Unitholder at any time for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Management Company might result in the Fund, the Management Company or the Investment Manager incurring any liability or taxation or suffering any other disadvantage which the Fund, the Management Company or the Investment Manager may not otherwise have incurred or suffered (including, but not limited to, Unitholders who are or become ineligible investor and/or US Persons).

In circumstances where a Unitholder is identified as a person from whom information is required for the purposes of fulfilling the requirements of FATCA, but such Unitholder fails to provide such required information and/or the classification of such Unitholder requires information to be reported to the Luxembourg tax authority, the Management Company may choose to compulsorily redeem such Unitholder's interest in any of the Sub-Funds.

Furthermore, the Management Company may effect a compulsory redemption of any or all Units held by a Unitholder at any time in exceptional circumstances where the Management Company determines that such a compulsory redemption is in the interest of investors. If the Net Asset Value of the Units held by a Unitholder is less than the minimum holding, the Management Company also reserves the right to require compulsory redemption of all Units of the relevant Unit Class held by such Unitholder or alternatively to effect a compulsory switch of all Units of the relevant Class held by such Unitholder for Units of another Unit Class in the same Sub-Fund which have the same Unit Class Currency but a lower minimum holding.

Where the Net Asset Value of the Units held by a Unitholder is less than the minimum holding (if any) and the Management Company decides to exercise its right to compulsorily redeem for this reason, the Management Company will notify the Unitholder in writing and allow such Unitholder 30 calendar days to purchase additional Units to meet the minimum requirement.

Deferred redemptions

The Management Company may (but is not obliged to) defer redemptions at a particular Valuation Day to the next Valuation Day where the requested redemptions exceed 10% of a Sub-Fund's Net Asset Value. The Management Company will ensure the consistent treatment of all Unitholders who have sought to redeem Units at any Valuation Day at which redemptions are deferred. The Management Company will pro-rate all such redemption requests to the stated level (i.e. 10% of the Sub-Fund's Net Asset Value) and will defer the remainder until the next Valuation Day and all following Valuation Days until the original request has been satisfied in full (always subject to the abovementioned 10% limit). The Management Company will also ensure that all deals relating to an earlier Valuation Day are completed before those relating to a later Valuation Day are considered. If redemption requests are so carried-forward, the Registrar and Transfer Agent will inform the investors affected.

The Management Company currently expects not to exercise such power to defer redemptions except to the extent that they consider that existing Unitholders would otherwise be materially prejudiced or that such exercise is necessary to comply with applicable law or regulation.

Redemptions in kind

The Management Company may request that a Unitholder accepts a "redemption in kind" i.e. receives a portfolio of securities from the relevant Sub-Fund equivalent in value to the redemption proceeds. Where the Unitholder agrees to accept a redemption in kind it will receive a selection of the Sub-Fund's holdings having due regard to the principle of equal treatment of all Unitholders.

The Management Company may also, in its sole discretion, accept requests from Unitholders for redemption requests to be settled in kind. The value of each in kind redemption will be certified by an auditor's report, to the extent required by Luxembourg law.

All supplemental costs associated with the redemption in kind will be borne by the Unitholder requesting the redemption in kind or by such other third party as agreed by the Management Company in its sole and absolute determination.

Transferring units

A Unitholder may, subject to the approval of the Management Company, transfer Units to one or more other persons, provided that all Units have been paid in full with cleared funds and each transferee: (i) is not an ineligible investor; and (ii) meets the qualifications of a Unitholder in the relevant Unit Class.

In particular, the Management Company may decline to register a transfer of Units to a U.S. Person if such transfer would have a material adverse effect on the Fund, the Unitholders or any Sub-Fund.

In order to transfer Units, the Unitholder must notify the Registrar and Transfer Agent of the proposed date and the number and Units to be transferred. In addition, each transferee must complete an application form before the transfer request can be accepted. The Unitholder should send its transfer notice and each completed application form to the Registrar and Transfer Agent.

The Registrar and Transfer Agent may request a transferee to provide additional information to substantiate any representation made by the transferee in its application form. The Registrar and Transfer Agent will reject any application form that has not been completed to its satisfaction. The Registrar and Transfer Agent will not give effect to any transfer until it is satisfied with the form of notice from the transferring Unitholder and has accepted each transferee's transfer application.

Any Unitholder transferring Units and each transferee, jointly and separately, agree to hold the Management Company, on behalf of the relevant Sub-Fund, and each of its agents harmless with respect to any loss suffered by one or more of them in connection with a transfer.

Privacy of personal data and confidential information

Unitholders provide to the Management Company information that is personal and/or confidential for various purposes, such as to process requests (through the application form), provide Unitholder services, and to comply with applicable laws and regulations.

Personal data provided will be processed in accordance with the data privacy notice attached to the Fund's application form, and which is available at any time from the Management Company on request.

Subject to applicable law, investors may have rights in respect of their personal data, including a right to access and rectification of their personal data and, in some circumstances, a right to object to the processing of their personal data.

Measures to protect unitholders and prevent crime and terrorism

To comply with Luxembourg laws aimed at preventing crime and terrorism, including the crime of money laundering, investors must provide certain types of account documentation.

Unitholders typically will be asked to provide additional documentation as well (either before opening an account or at any time afterward), and processing of their deal requests may be delayed if these materials are not received in a timely fashion or are not considered to be adequate.

Prevention of money laundering and terrorist financing

The Fund is subject to international and Luxembourg laws and regulations which impose duties, obligations and sanctions with the main objective of preventing the financial sector from being used for money laundering and financing of terrorism purposes. These international and Luxembourg laws and regulations are hereinafter collectively referred to as the "AML/CFT laws and regulations", and all the duties and obligations imposed by such AML/CFT laws and regulations are hereinafter collectively referred to as the "AML/CFT obligations". The AML/CFT laws and

regulations include the Luxembourg Laws of 12 November 2004 on the fight against money laundering and financing of terrorism (the “2004 AML Law”) and of 13 January 2019 creating a register of beneficial owners (the “2019 RBO Law”).

As part of its AML/CFT obligations, the Management Company, on behalf of the Fund, (and possibly certain investing third parties) must comply with “know your customer” obligations which require the Management Company, on behalf of the Fund, to know and ascertain the identity of each investor, as well as that of other persons related to this investor (such as any of this investor’s beneficial owners or proxyholders), the source of the funds being invested in the Fund, and, as the case may be, the source of wealth of the investor. The Management Company, on behalf of the Fund, must also take reasonable measures to verify each of these persons’ identity so that it is satisfied that it knows who its investors’ beneficial owners are, and take reasonable measures to understand the ownership and control structure of its investors.

AML/CFT laws and regulations also contain provisions which impose upon certain beneficially owned persons (such as the Fund and possibly certain investors) specific obligations in relation to their beneficial ownership. In this context, the Management Company, on behalf of the Fund, must, amongst other things, identify each of its beneficial owners (certain of whom may also be the beneficial owners of the investor itself), obtain and hold adequate, accurate and up-to-date information about all its beneficial owners, including the details of the beneficial interests they hold, as well as certain supporting documentation.

Beneficial ownership broadly refers to the natural persons (each a “beneficial owner”) who ultimately, hence directly or indirectly, own or control a legal person (the “beneficially owned person”) or on whose behalf a transaction or activity is being conducted. According to the 2004 AML Law which the 2019 RBO Law refers to, beneficially owned persons include corporate and other legal entities, as well as trusts and similar structures. Different criteria (such as ownership thresholds and control features) set forth in AML/CFT laws and regulations determine if a natural person is or is not a beneficial owner of a beneficially owned person. Internal policies and procedures may possibly provide for additional criteria. This means that a direct or an indirect holding in the Fund does not automatically render an investor a beneficial owner of the Fund or an investor’s beneficial owner.

Either prior to subscription or at any time thereafter, initially and on an ongoing basis, upon the Management Company’s request or at the relevant investor’s own initiative (e.g. without delay in case of a change of beneficial ownership), each investor and any other related person thereto (A) shall use its best endeavours to proactively assist the Management Company, on behalf of the Fund, in fulfilling its AML/CFT obligations, and (B) in particular shall provide all information and documents which are required by AML/CFT laws and regulations and/or which the Management Company considers necessary for performing its AML/CFT obligations, whilst ensuring at all times that each piece of information and each document provided to the Management Company is and remains adequate, accurate and up-to-date. All information and documents are hereinafter collectively referred to as the “AML/CFT Information and Documentation”.

The Management Company, on behalf of the Fund, may delegate or outsource its AML/CFT obligations to eligible service providers such as the Fund’s Registrar and Transfer Agent, and may amend, at any time and with immediate effect, the list of required AML/CFT Information and Documentation and the form in which the required AML/CFT Information and Documentation is to be provided.

The Management Company may be required to transmit (possibly without prior notice to the investor and/or other related person concerned) all or part of the AML/CFT Information and Documentation to certain third parties, including other potentially beneficially owned persons, competent authorities and the Luxembourg register of beneficial owners as required by the 2019 RBO Law. The Luxembourg register of beneficial owners is in principle accessible to members of the general public.

In addition to criminal and non-criminal sanctions provided by AML/CFT laws and regulations, any delay or failure to provide any required piece of AML/CFT Information and Documentation may result in, amongst other consequences and where applicable, in a subscription request being declined, Units in the Fund being compulsorily redeemed in accordance with the Management Regulations, a payment of distribution or liquidation or redemption proceeds being delayed, and/or in this delay or failure to be reported or subject to declaration by the Management Company, on behalf of the Fund, to the competent authorities, possibly without prior notice to the investor and/or other related person concerned.

Excessive trading and market timing

Late trading is to be understood as the acceptance of a subscription, switch or redemption order for Units in a Sub-Fund after the time limit fixed for accepting orders on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day. However, the acceptance of an order will not be considered as a late trade where the Distributor, or any sales agent to which it may delegate, submits the relevant subscription, switch or redemption request to the Administrative Agent after the applicable cut-off time, provided that such subscription, switch or redemption request has been received by the Distributor from the relevant investor in advance of the applicable cut-off time.

The Management Company considers that the practice of late trading is not acceptable as it violates the provisions of this Prospectus which provide that an order received after the applicable cut-off time is dealt with at the Price per Unit based on the Net Asset Value calculated on the next applicable Valuation Day. As a result, subscriptions, switches and redemptions of Units shall be dealt with at the next Net Asset Value determined following the applicable cut-off time.

As per CSSF Circular 04/146, market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or switches Units of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the UCI.

The Management Company considers that the practice of market timing is not acceptable as it may affect the Fund's performance through an increase of the costs and/or entail a dilution of the profit. As a result, the Management Company reserves the right to refuse any application for subscription or switch of Units which might or appears to be related to market timing practices and to take any appropriate measures in order to protect investors against such practice. Without limitation to the general power to make a redemption charge, the Management Company will consider making a redemption charge on the redemption of Units by an investor in the event that the Management Company considers that such investor is systematically redeeming or switching Units within a short time period.

Other information for investors

Taxation

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Units and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Units and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

The Fund

From a Luxembourg tax perspective, the Fund is a fiscally transparent entity and is not subject to Luxembourg corporate income tax, municipal business tax and net wealth tax. The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum of its net asset value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% per annum is applicable to individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved for one or more Institutional Investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to Part II of the 2010 Law qualifying as ETFs, and (v) UCIs and individual compartments thereof with multiple compartments whose main objective is the investment in microfinance institutions.

Withholding tax

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund and, under certain conditions, the Unitholders may benefit from double tax treaties, which may provide for exemption from withholding tax or a reduction of withholding tax rates.

Distributions made by the Management Company, on behalf of the Fund, are not subject to withholding tax in Luxembourg.

The Unitholders

Luxembourg resident individuals

Capital gains realised on the sale of the Units by Luxembourg resident individual investors who hold the Units in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- the Units are disposed of within 6 months from their subscription or purchase; or
- if the Units held in the private portfolio constitute a substantial Unitholding. A Unitholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the Unit capital of the company.

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*).

Luxembourg resident corporate investors

Luxembourg resident corporate investors will be subject to corporate taxation at the rate of 24.94% (in 2020 for entities having the registered office in Luxembourg-City) on capital gains realised upon disposal of Units and on the distributions received from the Fund.

Luxembourg corporate resident investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialised investment funds subject to the law of 13 February 2007 on specialised investment funds, (iii) reserved alternative investment funds subject to the law of 23 July 2016, as amended, or (iv) family wealth management companies subject to the amended law of 11 May 2007 on family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Units, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Units shall be part of the taxable net wealth of the Luxembourg resident corporate investors except if the holder of the Units is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 on specialised investment funds, (v) reserved alternative investment funds subject to the law of 23 July 2016, as amended, or (vi) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

Non-Luxembourg residents

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Units are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Units nor on the distribution received from the Fund and the Units will not be subject to net wealth tax.

Automatic exchange of information

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the Amending Directive.

DAC6

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("**DAC6**"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "**DAC6 Law**").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the "**Reportable Arrangements**").

In the case of a Reportable Arrangement, the information that must be reported includes *inter-alia* the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called “intermediaries”). However, in certain cases, the taxpayer him/her/it-self can be subject to the reporting obligation.

Intermediaries (or the case maybe, the taxpayer) may be required to report a Reportable Arrangement as soon as 30 January 2021.

The information reported will be automatically exchanged between the tax authorities of all Member States.

In light of the broad scope of the DAC6 Law, transactions carried out by the Fund may fall within the scope of the DAC6 Law and thus be reportable.

Conflicts of interest

An investment in the Fund is subject to a number of actual or potential conflicts of interest.

The Management Company, the Investment Manager, the Depositary, the Registrar and Transfer Agent and the Administrative Agent and/or their respective affiliates or any person connected with them (together the “Relevant Parties”) may from time to time act as management company, investment manager, distributor, trustee, custodian, depositary, registrar, broker, administrative agent, investment adviser or dealer in relation to, or be otherwise involved in, other investment funds which have similar or different objectives to those of the Sub-Funds or which may invest in the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Sub-Funds.

The Relevant Parties have adopted policies and procedures reasonably designed to prevent, limit or mitigate conflicts of interest. In addition, these policies and procedures are designed to comply with applicable law where the activities that give rise to conflicts of interest are limited or prohibited by law, unless an exception is available. The Relevant Parties will, at all times, have regard in such event to its obligations to the Sub-Funds and will endeavour to ensure that conflicts of interest are resolved fairly.

In addition, subject to applicable law, any Relevant Party may deal, as principal or agent, with the Sub-Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any Relevant Party may deal with the Fund as principal or as agent, provided that it complies with applicable law and regulation and the provisions of the Investment Management Agreement, the Management Regulations, the Administration Agreement, the Depositary Agreement and the Registrar and Transfer Agent Agreement, to the extent applicable.

The Investment Manager or any of its affiliates or any person connected with the Investment Manager may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Sub-Funds. Neither the Investment Manager nor any of its affiliates nor any person connected with the Investment Manager is under any obligation to offer investment opportunities of which any of them becomes aware to the Management Company, on behalf of the Fund, or to account to the Fund in respect of (or share with the Sub-Funds or inform the Management Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

The Depositary may from time to time, act as the depositary of other open-ended investment companies. Further information regarding the Depositary’s conflict of interest arrangements are summarized in sub-section “Depositary”. The Depositary will provide, from time to time, a description of the conflicts of interest that may arise in respect of its duties. Moreover, if the Depositary delegates the whole or part of its safekeeping functions to a sub-custodian, it will provide, from time to time, a list of any conflicts of interest that may arise from such a delegation.

In calculating a Sub-Fund’s Net Asset Value, the Administrative Agent may consult with the Investment Manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of

the Investment Manager or any sub-investment manager in determining the Net Asset Value of a Sub-Fund and the entitlement of the Investment Manager or any sub-investment manager to an annual management charge which is calculated on the basis of the Net Asset Value of a Sub-Fund.

The foregoing does not purport to be a complete list of all potential conflicts of interest involved in an investment in a Sub-Fund.

The Management Company will seek to ensure that any conflict of interest of which it is aware is resolved fairly.

Liquidation or merger

A Sub-Fund may be established for a limited or unlimited period, as specified in section “Sub-Fund Information”.

Liquidation of Sub-Funds or Classes

The Management Company has the discretionary power to (but is not obliged to) liquidate any Sub-Fund or Unit Class of a Sub-Fund if the net assets of such Sub-Fund or Class fall below or do not reach an amount determined by the Management Company to be the minimum level for such Sub-Fund or such Unit Class to be operated in an economically efficient manner or if a change in the economic or political situation relating to the Sub-Fund or Unit Class concerned justifies such liquidation.

The decision to liquidate will be published by the Management Company prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations.

Unless the Management Company decides otherwise in the interests of, or in order to keep equal treatment between, the Unitholders, the Unitholders of the Sub-Fund or Unit Class concerned may continue to request redemption or switching of their Units free of redemption or switching charge. Assets which could not be distributed to their beneficiaries upon the conclusion of the liquidation of a Sub-Fund or Unit Class will be deposited with the Luxembourg *Caisse de Consignation* on behalf of such beneficiaries.

Merger of Sub-Funds

The Management Company may decide to merge one or more Sub-Funds with another Sub-Fund, or with another undertaking for collective investment or a sub-fund thereof registered pursuant to Part I of the 2010 Law or another UCITS legislation.

The mergers will be undertaken within the framework of the 2010 Law.

Notice of such a merger shall be provided at least thirty days before the last date for the Unitholders to request redemption of their Units, without any charge other than those retained by the Fund to meet disinvestment costs. This right shall become effective from the moment that the Unitholders have been informed of the proposed merger and shall cease to exist five working days before the date for calculating the exchange ratio.

Merger of Classes

The Management Company may also decide to merge different Unit Classes of the same Sub-Fund after a simple notification to the Unitholders concerned.

Split of Sub-Funds and Units of a Sub-Fund

The Management Company may decide to split a Sub-Fund into two or more Sub-Funds. The Management Company may also consolidate or split the Units of any Sub-Fund.

Charge and security over the assets

In connection with its obligations towards third parties, the Management Company, on behalf of the Fund, has created a charge over the assets attributable to a particular Sub-Fund and may grant other security. In the event of a

default by a Sub-Fund to fulfil its obligations under such arrangements, the counterparty may seek to satisfy the payment owed to it and enforce its security by taking possession and/or disposing of the assets on which the security has been granted to the counterparty, according to applicable laws and regulations.

Reports and accounts

The Fund's accounting year ends on 31 March in each year (and for the first time on 31st of March 2021).

The Fund's first interim report was prepared for the period ending on 30 June 2020 and the semi-annual report was prepared for the period ending on 30 September 2020.

Audited annual reports shall be published within four (4) months following the end of the accounting year and unaudited semi-annual reports shall be published within two (2) months following the end of the period to which they refer. The annual and semi-annual reports are available at the registered office of the Management Company, the Distributor and the Registrar and Transfer Agent during ordinary office hours.

The Valuation Currency of the Fund is EUR. The aforesaid reports will comprise consolidated accounts of the Fund expressed in EUR as well as information relating to each Sub-Fund expressed in the Valuation Currency of that Sub-Fund as disclosed in section "Sub-Fund Information".

Material contracts

The following material contracts have been or shall be entered into:

- The Management Regulations
- The Depositary Agreement dated as of 18 November 2019 between the Management Company, on behalf of the Fund, and State Street Bank International GmbH, Luxembourg Branch
- The Administration Agreement dated as of 18 November 2019 between the Management Company and State Street Bank International GmbH, Luxembourg Branch.
- The Investment Management Agreement dated as of 18 November 2019 between the Management Company and M&G Investment Management Ltd.
- The Registrar and Transfer Agent Agreement dated as of 18 November 2019 between the Management Company and RBC Investor Services Bank S.A.

Documents and information available to investors

Copies of the following documents may be obtained free of charge at the registered office of the Management Company:

- Management Regulations
- Latest Prospectus and KIIDs
- Latest reports and financial statements once published

Information on past performance appears in the KIID for each Sub-Fund, by Unit Class, and in the Fund's annual report.

The agreements referred to above may be amended by mutual consent between the parties thereto.

The issue and redemption prices are available at any time at the registered office of the Management Company, the Depositary and at the offices of the paying agents (or a distributor if applicable). The Management Company shall seek to have Unit prices published adequately in the countries where the Units are registered for public distribution.

Any information other than that contained in this Prospectus and in the documents mentioned therein or information commonly available to the public shall be considered as unauthorised.

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg law and regulation. This additional information includes procedures

relating to complaints handling, the voting strategy of the Management Company, the best execution policy as well as the procedure for the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Fund.

Benchmark regulation and use of benchmarks

The Benchmark Regulation requires the Management Company to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the Benchmark Regulation) materially changes or ceases to be provided.

The Management Company must comply with this obligation. Further information on the plan is available on request and free of charge at the registered office of the Management Company.

M&G (Lux) Euro Credit Fund

The ICE BofAML1-10yr Euro Large Cap Corporate Index is used for the Sub-Fund's portfolio construction. It is provided by ICE Benchmark Administration Ltd. which is currently authorised as a benchmark administrator under article 34 of the EU Benchmark Regulation and included in the ESMA register of benchmark administrators.

Pricing of units and valuation of Sub-Funds

Net asset value calculation and valuation of assets

The Net Asset Value per Unit of each Class within each Sub-Fund shall be determined by the Administrative Agent under the supervision of the Management Company, in accordance with the requirements of the Management Regulations.

The Net Asset Value per Unit of each Class within each Sub-Fund will be expressed in the Unit Class Currency of each Unit Class, to the nearest four (4) decimal places, and shall be determined for each Sub-Fund as of the relevant Valuation Day by dividing the Net Asset Value of the Sub-Fund attributable to that Unit Class (being the total assets of the Sub-Fund attributable to that Unit Class less the total liabilities of the Sub-Fund attributable to that Unit Class) by the total number of Units of that Class of the Sub-Fund outstanding, in accordance with the valuation rules set forth below.

Each Unit Class in a Sub-Fund may perform differently, and each Sub-Fund (and Unit Class if appropriate) will bear its own fees and expenses (to the extent specifically attributable to the Sub-Fund (or Unit Class)).

For a Unit Class which is expressed in a currency other than the Valuation Currency of the relevant Sub-Fund, the Net Asset Value per Unit of that Class shall be the Net Asset Value per Unit of the Class of that Sub-Fund calculated in the Valuation Currency of the Sub-Fund and converted into the Unit Class Currency at the currency exchange rate (at the relevant valuation point) between the Fund Valuation Currency and Unit Class Currency.

In the event that a Sub-Fund hedges the foreign currency exposure of any of its Unit Classes expressed in a currency other than the Valuation Currency of the relevant Sub-Fund (or any other types of exposure in accordance with the terms of the relevant Unit), the costs and any benefit of such hedging will in each case be allocated solely to the relevant Currency Hedged Unit Class to which the currency hedging relates.

On each Valuation Day for a Sub-Fund the Administrative Agent will calculate Net Asset Value by reference to a valuation point. On any Valuation Day the Management Company may determine to apply swing pricing to the Net Asset Value per Unit of a Sub-Fund (please refer to the section headed "Swing Pricing and Dilution Levy").

For the purposes of calculating the Net Asset Value of the Fund, the Fund's assets will be valued using the most recent prices which it is practicable to obtain (unless otherwise specifically described below):

A. Units or shares in a collective investment scheme:

- if a single price for buying and selling units is quoted, at the most recent such price; or
- if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price excludes any exit or redemption charge attributable thereto; or
- if in the opinion of the Management Company, the price obtained is unreliable or no recent traded price is available or no recent price exists, at a value which, in the opinion of the Management Company, is fair and reasonable.

B. Exchange traded derivative contracts:

- if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price;
- if separate buying and selling prices are quoted, at the average of the two prices;
- if in the opinion of the Management Company, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the Management Company is fair and reasonable.

- C. OTC Derivatives shall be valued in accordance with the policies established by the Management Company, on a basis consistently applied for each different type of contract.
- D. Any other Transferable Securities or Money Market Instrument:
 - if a single price for buying and selling the security is quoted, at that price;
 - if separate buying and selling prices are quoted, at the average of the two prices; or
 - if, in the opinion of the Management Company, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the Management Company is fair and reasonable.
- E. Assets other than those described in (A), (B), (C) and (D) above: at a value which, in the opinion of the Management Company, represents a fair and reasonable mid-market price.
- F. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall normally be valued at their nominal values.

In calculating the Net Asset Value of each Sub-Fund the following principles will apply:

- A. In determining the value of the Fund's assets, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the applicable laws or regulations or the Management Regulations shall be assumed (unless the contrary shown to have been taken);
- B. Subject to paragraph (C) below, agreements for the unconditional sale or purchase of property which are in existence and confirmed but uncompleted between both parties shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Management Company, their omission will not materially affect the final Net Asset Value amount;
- C. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph (B);
- D. An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the assets of the Fund; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) at that point in time;
- E. An estimated amount for any liabilities payable out of the assets of the Fund and any tax thereon treating certain periodic items as accruing from day to day will be deducted;
- F. The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted;
- G. An estimated amount for accrued claims for repayments of tax of whatever nature to the Fund which may be recoverable will be added;
- H. Any other amounts due to be paid into the Fund's assets will be added;
- I. A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added;
- J. The amount of any adjustment deemed necessary by the Management Company to ensure that the Net Asset Value is based on the most recent information and is fair to all Unitholders will be added or deducted as appropriate; and
- K. Currencies or values in currencies other than the Valuation Currency of the relevant Sub-Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

The Management Company may at its discretion permit any other method of valuation to be used if it believes that such other method provides a valuation which more accurately reflects the fair value of any asset of a Sub-Fund.

The Management Company has delegated to the Administrative Agent the day to day responsibility for the calculation of the Net Asset Value and Net Asset Value per Unit.

Swing pricing and dilution levy

When investors buy or sell Units in a Sub-Fund, the Investment Manager may need to buy or sell assets of the Sub-Fund's portfolio.

Without an anti-dilution mechanism to take account of these transactions, all Unitholders in the Sub-Fund would pay the associated costs of buying and selling these assets. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

To protect the interests of Unitholders, there are two anti-dilution mechanisms available to each Sub-Fund, a swing pricing (i.e. a pricing adjustment) policy or a dilution levy.

The swing pricing or dilution levy is established and approved by the Management Company and implemented by the Administrative Agent.

Should the Management Company decide to change the anti-dilution mechanism in operation for a Sub-Fund (i.e. from a swing pricing to an anti-dilution levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

Any such adjustment charged will be for the account of the relevant Sub-Fund and the Management Company reserves the right to waive the swing price adjustment or dilution levy at any time.

When a swing price adjustment or dilution levy is not applied, a Sub-Fund may suffer dilution. Unitholders should note that a Sub-Fund's short-term performance may experience greater volatility as a result of swing pricing policy.

Swing pricing

A Sub-Fund's NAV may be adjusted to compensate for dilutions that can arise in connection with large flows of cash into or out of a Sub-Fund.

These adjustments are normally applied on any Valuation Day when the total volume of trading in a Sub-Fund's Units (meaning the net effect of both purchases and redemptions) exceeds a certain threshold. The adjustments will seek to reflect the anticipated prices at which the Sub-Fund will be buying and selling assets, as well as estimated transaction costs. The NAV will be adjusted upward when there are large cash inflows into the Sub-Fund and downward when there are large outflows.

Under normal market conditions, the adjustment will never be larger than 2% of what the NAV would otherwise be on any given Valuation Day. This adjustment may however be significantly higher and beyond the maximum threshold during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress. The price adjustment applicable to a specific Sub-Fund is available on request from the Management Company at its registered office.

A swing price adjustment may also be applied in any other case where the Management Company believes it is in the interests of existing / remaining Unitholders and potential Unitholders that a swing price adjustment be applied.

For the avoidance of doubt, it is clarified that fees other than the initial charge charged to the Net Asset Value of a Unit Class will continue to be calculated on the basis of the unadjusted Net Asset Value of the Unit Class.

The swing price adjustment will apply to all Sub-Funds, unless a dilution levy applies.

The Management Company makes, and periodically reviews, the operational decisions about swing pricing, including the thresholds that trigger it.

Dilution levy

A Sub-Fund may charge a dilution levy applying to subscriptions and redemptions of Units, as the case may be and as disclosed in section "Sub-Fund Information".

The dilution levy does not form part of the price at which Units are issued but is a separate charge that is applied.

For any given Valuation Day, the dilution levy will generally not exceed 2% of the Net Asset Value of the relevant Unit Class or Sub-Fund, unless otherwise stated in section “Sub-Fund Information”.

The amount of the dilution levy may be reduced or waived at the discretion of the Management Company.

As at the date of this Prospectus, dilution levy is not applied to the Sub-Funds.

Suspension of the net asset value calculation

The Management Company may at any time and from time to time temporarily suspend the determination of the Net Asset Value of a Sub-Fund and therefore the issue, switch and redemption of Units in any Sub-Fund:

- during the whole or part of any period (other than for ordinary holidays or customary weekends) when any of the regulated markets on which a Sub-Fund’s investments are quoted, listed, traded or dealt are closed or during which dealings therein are restricted or suspended or trading is suspended or restricted; or
- during the whole or part of any period when circumstances outside the control of the Management Company exist as a result of which any disposal or valuation by the Management Company of investments of a Sub-Fund is not reasonably practicable or would be detrimental to the interests of Unitholders or it is not possible to transfer monies involved in the acquisition or disposition of investments to or from the relevant account of a Sub-Fund; or
- during the whole or part of any period when any breakdown occurs in the means of communication normally employed in determining the price or value of any of a Sub-Fund’s investments; or
- during the whole or any part of any period when for any reason the price or value of any of a Sub-Fund’s investments cannot be reasonably, promptly or accurately ascertained; or
- during any period when the Management Company, on behalf of the Fund, is unable to repatriate funds for the purpose of making payments on the redemption of a Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Units cannot in the opinion of the Management Company be effected at normal rates of exchange; or
- following a possible decision to merge, liquidate or dissolve the Fund or, if applicable, one or several Sub-Funds; or
- following the suspension of the calculation of the Net Asset Value per Unit, the issue, redemption and/or the switch at the level of a master fund in which a Sub-Fund invests in its capacity as feeder fund of such master fund; or
- if any other reason makes it impossible or impracticable to determine the value of a portion of the investments of the Sub-Fund; or
- if, in exceptional circumstances, the Management Company determines that suspension of the determination of Net Asset Value is in the interest of Unitholders in that Sub-Fund.

Any suspension of valuation of the Net Asset Value of a Sub-Fund and the issue, switch and redemption of Units in any Unit Class shall be notified to Unitholders having made an application for subscription, redemption or switch of Units for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value per Unit, the issue, redemption and switch of Units of any other Sub-Fund, if the assets within such other Sub-Fund are not affected to the same extent by the same circumstances.

Fund legal and operational structure

The Fund

Fund name - M&G (Lux) Investment Funds FCP

Legal structure - Mutual investment umbrella fund ("*fonds commun de placement à compartiments multiples*")

Registered office - 16, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg

Management regulations - 18 November 2019

Regulatory authority - Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg

Financial year - 1 April to 31 March

Capital - Sum of the net assets of all the Sub-Funds

Registration number - K2006

Structure and governing law

The Fund is organised in and under the laws of, the Grand-Duchy of Luxembourg as a mutual investment umbrella fund ("*fonds commun de placement à compartiments multiples*"), and is an unincorporated co-proprietorship of its securities and other assets managed in the interests of its Unitholders by M&G Luxembourg S.A., in its capacity as the Management Company.

The assets of the Fund are separate from those of the Management Company and from those of other investment funds managed by the Management Company or for which the Management Company acts as UCITS manager or alternative investment fund manager in accordance with the Alternative Investment Fund Managers Directive (2011/61/EU).

Sub-Funds are created and operate under the Fund. The assets and liabilities of each Sub-Fund are segregated from those of other Sub-Funds; there is no cross-liability between Sub-Funds.

Any legal disputes involving the Management Company, on behalf of the Fund, the Investment Manager, the Depositary, the Registrar and Transfer Agent, the Administrative Agent or any Unitholder will be subject to the jurisdiction of the competent Luxembourg court, although the Management Company, on behalf of the Fund, may submit itself to the competent court of other jurisdictions in disputes that concern activities or Unitholders in that jurisdiction.

The Management Company, on behalf of the Fund, may issue different classes of Units, the issue proceeds of which will be separately invested pursuant to investment policies fixed by the Management Company.

The Management Regulations are on file with the *Registre de Commerce et des Sociétés* in Luxembourg, where they may be inspected and copies obtained. Subject to the approval of the Depositary, the Management Regulations may be amended by the Management Company at any time, in whole or in part.

The Fund has been established for an unlimited period. The Fund may be dissolved at any time by mutual agreement between the Management Company and the Depositary. The Fund may further be dissolved in cases provided for by Luxembourg law. Any notice of dissolution will be published in the *Recueil électronique des sociétés et associations* (RESA) and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. In the event of dissolution, the Management Company will realize the assets of the Fund in the best interests of the Unitholders, and the Depositary, upon instructions given by the Management Company, will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Unitholders in proportion to their

rights. As provided by Luxembourg law the proceeds of liquidation corresponding to Units not surrendered for repayment at the close of liquidation will be kept in safe custody with the Luxembourg “*Caisse de Consignation*” until the prescription period has elapsed.

The liquidation of the Fund or a Sub-Fund may not be requested by a Unitholder, nor by its heirs or beneficiaries.

Management company

Management company - M&G Luxembourg S.A

Registered office - 16, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg

Legal form of company - *Société anonyme* (S.A.)

Incorporated - 20 July 2012, in Luxembourg

Articles of Incorporation - Last modified on 12 December 2018 and published in the RESA on 12 February 2019

Regulatory authority - *Commission de Surveillance du Secteur Financier* (CSSF) 283, route d’Arlon

L-1150 Luxembourg, Grand Duchy of Luxembourg

Registration number - B.170.483

Authorised and issued share capital - EUR 125,000

Structure and responsibilities

Pursuant to the Management Regulations, M&G Luxembourg S.A. acts as the management company of the Fund in accordance with the relevant provisions of the 2010 Law and subject to Chapter 15 of the 2010 Law.

The Management Company is responsible for the provision of investment management services, administrative services and marketing/distribution services to the Fund.

The Management Company may delegate to third parties some or all of its activities, subject to applicable laws. In respect of the Fund, the Management Company has appointed:

- M&G Investment Management Limited to carry out investment management functions
- State Street Bank International GmbH, Luxembourg Branch and RBC Investor Services Bank S.A. to carry out certain administrative and transfer agency functions
- M&G International Investments S.A. as Distributor

In addition to the Fund, the Management Company also acts as management company for other funds, and may be appointed in the future to act as the management company for other funds. The list of funds managed by the Management Company will be set out in the Fund's annual reports and may be obtained upon request from the Management Company.

Board of the Management Company

- Sean Fitzgerald
- Micaela Forelli
- Darren Judge
- Graham Mason

Conducting Officers of the Management Company

- Forbes Fenton – Portfolio Management
- Elina Vincent – Financial Crime Compliance
- Remi Kamiya – Risk Management
- Darren Judge – Operations and Distribution

- Bronwyn Salvat-Winter – Compliance

The conducting officers are responsible for the day-to-day management of the Management Company in accordance with Luxembourg law.

Remuneration policy

The Management Company has adopted a remuneration policy which complies with Articles 111bis and 111ter of the 2010 Law.

The remuneration policy, which is overseen by the Board, is designed to:

- contribute to the achievement of short-term and long-term strategic and operational objectives at the same time avoiding excessive risk-taking inconsistent with the risk management strategy
- provide a balanced total remuneration package made up of a mix of fixed and variable components including base salary, cash incentives and long-term, equity based or fund-tracking incentives that vest over time
- promote proper governance and regulatory compliance

Key elements of the policy are intended to:

- tie remuneration of employees to long-term performance and align it with Unitholders' interests
- encourage a united success culture amongst employees
- attract and retain talented individuals
- integrate risk management and remuneration
- have no remuneration perquisites or non-performance-based remuneration
- maintain strong governance around remuneration practices
- avoid conflicts of interest

The policy applies to all employees, including employees whose professional activities materially impact the risk profile of the Fund, includes a description of how remuneration and benefits are calculated, and sets out the responsibilities for awarding remuneration and benefits.

Please visit the following website: <http://www.mandg.lu/remuneration> for details of the remuneration policy, which the Management Company has adopted, including, but not limited to:

- A description of how remuneration and benefits are calculated
- The identities of persons responsible for awarding the remuneration
- The composition of the remuneration committee

Alternatively, a paper copy can be obtained from the customer relations department free of charge on +352 2605 9944.

Service providers appointed by the management company

Investment Manager

The Management Company has delegated the investment management of each Sub-Fund to:

M&G Investment Management Limited

10 Fenchurch Avenue
London EC3M 5AG
United Kingdom

The Investment Manager is a private company limited by shares incorporated in England and Wales on 5 August 1968. The Investment Manager is authorised and regulated by the Financial Conduct Authority of the United Kingdom. The Investment Manager is a wholly-owned subsidiary of M&G plc.

The Investment Manager has been appointed pursuant to the Investment Management Agreement. Under the Investment Management Agreement, the Investment Manager is responsible for day-to-day management of the Sub-Funds' portfolios in accordance with the stated investment objectives and policies. The Investment Manager has full discretion, subject to the overall review and control of the Management Company, to purchase and sell securities and otherwise to manage the assets of the Fund on a discretionary basis.

The Investment Manager will not be responsible for any loss to the assets and investments of the Fund as are at any time allocated by the Management Company to the Investment Manager for discretionary investment management howsoever arising, except to the extent that such loss is due to the Investment Manager's negligence, wilful default or fraud or that of any of its directors or employees.

Under the Investment Management Agreement the Management Company agrees to indemnify the Investment Manager and the directors, officers and employees of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against the Investment Manager in its capacity as investment manager of the assets and investments of the Fund as are at any time allocated by the Management Company to the Investment Manager for discretionary investment management other than those resulting from the negligence, wilful default or fraud on its or their part.

The Investment Management Agreement may be terminated by one party giving to the other party not less than three months' written notice. The Investment Management Agreement may also be terminated forthwith by notice in writing by either party (the "notifying party"), if the other party shall commit any material breach of its obligations under the Investment Management Agreement and, if such breach is capable of being made good, shall fail to make good such breach within 14 days of receipt of written notice from the notifying party requiring it so to do. The Investment Management Agreement may also be terminated by the Management Company without notice when this is deemed by the Management Company to be in the interests of the Fund's Unitholders.

The Investment Manager (and/or its directors, employees, related entities and connected persons) may subscribe, directly or indirectly for Units during and after the relevant Initial Offer Period.

With the prior consent of the Management Company, the Investment Manager may delegate its investment management function for a particular Sub-Fund to a sub-investment manager, as specified in section "Sub-Fund Information".

Registrar and Transfer Agent

RBC Investor Services Bank S.A.

14 Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

The Management Company has appointed RBC Investor Services Bank S.A. as Registrar and Transfer Agent of the Fund.

RBC Investor Services Bank S.A. is registered in the Luxembourg Commercial and Companies register under number B 47 192. It holds a banking licence in accordance with the Luxembourg law of 5 April 1993 on the financial sector (as amended). The Registrar and Transfer Agent is a wholly-owned subsidiary of RBC Investor Services Limited, which is controlled by Royal Bank of Canada.

Under the Registrar and Transfer Agency Agreement, the Registrar and Transfer Agent is responsible for processing the issue, redemption and transfer of Units as well as for the keeping of the register of Unitholders.

The Registrar and Transfer Agent will at all times comply with any obligations imposed by the applicable laws and regulations with respect to money laundering prevention and, in particular, with CSSF Regulation 12/02.

Depository

State Street Bank International GmbH, Luxembourg Branch

49 Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

The Management Company, on behalf of the Fund, has appointed State Street Bank International GmbH, Luxembourg Branch as Depository of the Fund.

State Street Bank International GmbH is a limited liability company organised under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank.

State Street Bank International GmbH, Luxembourg Branch is authorised by the CSSF in Luxembourg to act as a depository. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186.

State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

Depository functions

The relationship between the Fund and the Depository is subject to the terms of the Depository Agreement. Under the terms of the Depository Agreement and in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations, the Depository has been entrusted with following main functions:

- Ensuring that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with applicable law and the Management Regulations
- Ensuring that the value of the Units is calculated in accordance with applicable law and the Management Regulations
- Carrying out the instructions of the Management Company unless they conflict with applicable law or the Management Regulations
- Ensuring that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits
- Ensuring that the income of the Fund is applied in accordance with applicable law and the Management Regulations
- Monitoring and oversight of the Fund's cash and cash flows in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations
- Safe-keeping of the Fund's assets, including the safekeeping of financial instruments that can be held in custody and ownership verification and record keeping in relation to other assets

Depository liability

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the Commission Delegated Regulation No 2016/438 of 17 December 2015 supplementing the UCITS Directive, the Depository shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Unitholders may invoke the liability of the Depository directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders.

The Depository will be liable to the Fund for all other losses suffered by the Fund as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

Without limitation to the Depositary's obligations pursuant to the UCITS Directive, the Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

Delegation

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

The Depositary has delegated those safekeeping duties set out in Article 22(5) (a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Management Company or at the following internet site: <http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>

Conflicts of interest in relation to the Depositary

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts.

Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund; and
- engaging in banking, sales and trading transactions including foreign exchange, derivative instrument, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- Will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the Management Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue Unit, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities
- May buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients
- May trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Management Company
- May provide the same or similar services to other clients including competitors of the Management Company
- May be granted creditors' rights by the Management Company which it may exercise

The Management Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Management Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Management Company.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager and the Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- Conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria
- Sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests
- Sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients
- Sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and its Unitholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored.

Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits.

Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Unitholders on request.

The Depositary shall not be liable for the contents of this Prospectus (other than this section), and will not be liable for any insufficient, misleading or unfair information contained herein.

The Depositary Agreement may be terminated by either the Management Company, on behalf of the Fund, or the Depositary upon 6 months' prior written notice. In that case, a new depositary must be appointed within two months of the termination of the Depositary Agreement, to carry out the duties and assume the responsibilities of the Depositary, as outlined above.

Administrative Agent

State Street Bank International GmbH, Luxembourg Branch

49 Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

The Management Company has appointed State Street Bank International GmbH, Luxembourg Branch as the Administrative Agent of the Fund.

The relationship between the Management Company and the Administrative Agent is subject to the terms of the Administration Agreement.

The Administrative Agent carries out all general administrative duties related to the administration of the Fund required by Luxembourg law, including the calculation of the Net Asset Value of the Units and the provision of accounting services to the Fund.

The Administrative Agent is not responsible for the contents of this Prospectus (other than this section), for any investment decisions of the Management Company or the effect of such investment decisions on the performance of the Fund.

The Administration Agreement contains provisions indemnifying the Administrative Agent, and exempting the Administrative Agent from liability, in certain circumstances.

The Management Company reserves the right to change the administration arrangements described above by agreement with the Administrative Agent and/or in its discretion to appoint an alternative administrative agent without prior notice to Unitholders. Unitholders will be notified in due course of any appointment of an alternative administrative agent.

Hedging Agent

The Management Company may appoint State Street Europe Limited to undertake certain currency hedging functions in respect of the Currency Hedged Unit Classes.

Distributor

M&G International Investments S.A.

16, boulevard Royal
L-2449 Luxembourg
Grand Duchy of Luxembourg

The Management Company has appointed M&G International Investments S.A. as the Distributor of the Units of the Fund.

Under the terms of the Distribution Agreement, the Distributor may appoint sub-distributors (entities which arrange or carry out the marketing, sales or distribution of the Units of the Fund).

The Distributor will at all times comply with any obligations imposed by the applicable laws and regulations with respect to money laundering prevention and, in particular, with CSSF Regulation 12/02.

Under the terms of the Distribution Agreement, The Distributor appoints sub-distributors (entities who arrange or carry out the marketing, sales or distribution of Sub-Fund Units).

Auditor

Ernst & Young S.A.

35E, avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

The Management Company has appointed Ernst & Young S.A as auditor of the Fund in accordance with applicable law and auditing standards.

The Auditor's responsibility is to audit and express an opinion on the financial statements of the Fund in accordance with applicable law and auditing standards.

Legal adviser

Elvinger Hoss Prussen, *société anonyme*

2, place Winston Churchill, B.P. 425
L-2014 Luxembourg
Grand Duchy of Luxembourg

Glossary

Defined terms

The following terms have these specific meanings and are qualified in their entirety by reference to the more detailed information included within this Prospectus. All references to laws and documents apply to those laws and documents as amended from time to time.

2010 Law	The Luxembourg law of 17 December 2010 on undertakings for collective investment. Words and expressions that are not defined in the Prospectus but are defined in the 2010 Law have the same meaning as in the 2010 Law.
Benchmark Regulation	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014).
Board	The board of directors of the Management Company.
Caisse de Consignation	The Luxembourg government agency responsible for safekeeping unclaimed assets.
Classes or Unit Classes	Pursuant to the management regulations of the Fund (the “Management Regulations”), the Management Company may decide to issue, within each Sub-Fund, two or more classes of Units (collectively “Classes” or “Unit Classes”, and each, individually a “Class” or a “Unit Class”), the assets of which will be commonly invested but subject to specific initial and/or redemption charge structures, fee structures, distribution structure, marketing target, hedging policies, or other specific features. Where different Classes are issued within a Sub-Fund, the details of each Class are described in the section “Sub-Fund Information” to this Prospectus. References herein to Units of a Sub-Fund should also be construed as being to Units of a Class of a Sub-Fund, if the context so requires.
CSSF	The <i>Commission de Surveillance du Secteur Financier</i> or its successor, the Luxembourg regulatory authority in charge of the supervision of UCIs in the Grand-Duchy of Luxembourg.
Currency Hedged Unit Classes	Unit Classes where a currency hedging strategy is applied.
Depository	The assets of the Fund are held under the custody or control of State Street Bank International GmbH, Luxembourg Branch (the “Depository”). State Street Bank International GmbH, Luxembourg Branch is also responsible for the administration of the Fund (the “Administrative Agent”).
Director	A member of the Board.
Distributor	M&G International Investments S.A.
Eligible Counterparties	<p>Entities designated as Eligible Counterparties per se in Article 30 (2) of Directive 2014/65/EU on markets in financial instruments as well as the entities qualifying as Eligible Counterparties in accordance with their national law as per the provisions of Article 30 (3) of Directive 2014/65/EU and Article 71 (1) of Commission Delegated Regulation 2017/565/EU. Eligible Counterparties per se are:</p> <ul style="list-style-type: none"> • investment firms • credit institutions • insurance companies • pension funds and their management companies • UCITS and their management companies

- financial institutions authorised or regulated under European Union law or under the national law of a EU Member State
- national governments and their corresponding offices including public bodies that deal with public debt at national level
- central banks and supranational organisations

For the purpose of the Unit Classes eligibility requirements, investment firms, credit institutions and authorised and regulated financial institutions referred to above must subscribe in the Unit Classes on their own behalf or through structures managing their own assets

ESMA

The European Securities and Markets Authority, an independent EU Authority that contributes to safeguarding the stability of the EU's financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection.

Exchange Traded Fund or ETF

An investment fund listed on a stock exchange which represents a pool of securities, commodities or currencies which typically track the performance of an index. ETFs are traded like Units. Investment in open-ended or closed-ended ETFs will be allowed if they qualify as (i) UCITS or other UCIs, or (ii) transferable securities, respectively.

EU

European Union.

EU Member State

A member state of the European Union.

EUR

Euro

Fund

The Fund is an umbrella fund ("*Fonds commun de placement à compartiments multiples*") organised under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law.

GBP

British Pound Sterling or Sterling.

G20 (Group of Twenty)

The informal group of twenty finance ministers and central bank governors for international cooperation on financial and economic issues from twenty major economies: Argentina, Australia, Brazil, Canada, the People's Republic of China ("PRC"), France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.

Initial Offer Period

The period set by the Management Company in relation to any Sub-Fund or Classes as the period during which Units are initially on offer and as specified in section "Sub-Fund Information".

Institutional Investor

Investor within the meaning of Article 174 of the 2010 Law such as:

- banks and other professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such Institutional Investors put into place for the management of their own assets
- credit institutions and other professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined above
- credit institutions or other professionals of the financial sector which invest in their own name but on behalf of their clients on the basis of a discretionary management mandate
- collective investment schemes and their managers
- holding companies or similar entities, whose Unitholders are Institutional Investors as described in the foregoing paragraphs
- holding companies or similar entities, whether Luxembourg-based or not, whose Unitholder/beneficial owners are individual person(s) who are extremely wealthy and may reasonably be regarded as sophisticated investors and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family
- a holding company or similar entity which as a result of its structure, activity and substance constitutes an Institutional Investor in its own right

- governments, supranationals, local authorities, municipalities or their agencies
- Investment Manager** The entity that performs the investment management and advisory functions for a Sub-Fund.

Investment Manager	M&G Investment Management Limited.
KIID	The Key Investor Information Document, a legally required pre-contractual document describing in brief the objectives, policies, risks, costs, past performance and other relevant information for a given Unit Class of a given Sub-Fund.
Management Company	M&G Luxembourg S.A., the entity in charge of managing the Fund in accordance with the 2010 Law.
Management Regulations	The management regulations of the Fund.
Member State	A Member State of the European Union including the States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the European Union.
Minimum Subscription	The minimum initial investment for each class of Units as specified under section “Unit Classes”.
Net Asset Value or NAV	The net asset value of the Fund, a Sub-Fund or a Unit Class (as the context may require) as calculated in accordance with this Prospectus and the Management Regulations.
OECD	The Organisation for Economic Co-operation and Development, an intergovernmental economic organisation.
Price per Unit	The issue price per Unit of each Sub-Fund will be the Net Asset Value per Unit of such Sub-Fund determined in respect of the applicable Valuation Day, plus or minus any attributable swing price adjustment, as described in the sub-sections “Swing Pricing” and “Dilution Levy” of this Prospectus, as well as any applicable sales or other charges (under section “Buying, Switching, Redeeming and transferring Units”).
Prospectus	This document.
Registrar and Transfer Agent	RBC Investor Services Bank S.A. has been appointed by the Management Company as registrar and transfer agent of the Fund.
Regulated Market	A market within the meaning of Article 4. item 1.21) of Directive 2014/65/EU (MiFID II).
SFT Regulation	EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse.
Sub-Funds	<p>The Management Company offers investors, within the same investment vehicle, a choice among Units in several separate Sub-Funds. The Sub-Funds are managed and administered separately and are distinguished mainly by their specific investment policies. The specifications of each Sub-Fund are described in section “Sub-Fund Information” to this Prospectus. The Management Company may, at any time, decide to create further Sub-Funds and, in such case, this Prospectus will be updated or supplemented accordingly.</p> <p>According to Article 181 (5) of the 2010 Law, the rights of Unitholders and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund.</p> <p>The assets of a Sub-Fund are exclusively available to satisfy the rights of investors in relation to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund.</p>

	For the purpose of the relations between Unitholders, each Sub-Fund will be deemed to be a separate entity.
UCI	An Undertaking for Collective Investment within the meaning of the first and second indents of Article 1(2) of the UCITS Directive.
UCITS	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to the UCITS Directive.
UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended.
Unit	A unit of any Sub-Fund.
Unit Class	A class of Units.
Unit Class Currency	The currency in which a given Unit Class is denominated, which may or may not be the same as the Valuation Currency of the Sub-Fund.
United Nations Global Compact	A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. Further information can be obtained from the following website: https://www.unglobalcompact.org/
Unitholder	Any investor recorded as an owner of Units in the register of the Fund.
US Dollar or USD	United States Dollar.
US Person	Means any person, any individual or entity that would be a U.S. Person under Regulation S of the United States Securities Act of 1933, as amended; any resident or person with the nationality of the United States of America or one of their territories or possessions or regions under their jurisdiction, or any other company, association or entity incorporated under or governed by the laws of the United States of America or any person falling within the definition of “U.S Person” under such laws
Valuation Currency	The currency in which the Fund or a Sub-Fund maintains its financial statements and calculates its total net assets.
Valuation Day	Unless otherwise stated in the section “Sub-Fund Information”, any working day when banks are fully open for normal banking business in both Luxembourg and England. For clarification purposes, 24 December and 31 December will be considered as working days, unless they fall on the weekend.
Value at Risk (VaR)	A statistical estimate, made with a high degree of confidence, of the maximum potential loss that is likely to arise over a given time interval under normal market conditions.

Financial and investment terms

The following terms reflect the meanings intended in this Prospectus. However, these definitions are primarily informational (as opposed to legal) and are intended to provide investors with helpful general descriptions of some financial terms used in this Prospectus.

Asset-backed security (ABS)	A debt security whose yield, credit quality and effective maturity derive from an interest in an underlying pool of debt assets, such as credit card debt, car loans, commercial or residential mortgages, student loans, equipment lease, collateralised repo loans and EETCs (Enhanced Equipment Trust Certificates).
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Ancillary liquid assets	Means: cash deposits; and money market instruments, such as short term debt securities (i.e., debt securities with less than one year to maturity), treasury bills, commercial paper, certificates of deposit and bankers acceptances.
Below investment grade	Below investment grade debt securities from less creditworthy issuers. These securities are rated Ba1/BB+ or lower using the highest rating available from one of the independent ratings agencies e.g. Standard & Poor's, Moody's or Fitch. Also known as "high yield" securities, because they typically offer higher income in exchange for their higher level of default risk compared to investment grade debt securities.
Benchmark	An index or rate, or a combination of indices or of rates, specified as being a target a comparator or a constrain for a Sub-Fund. The particular purposes for which a Sub-Fund uses its benchmark are stated in the section "Sub-Fund Information". Where a Sub-Fund's benchmark is part of the policy, this is stated in the investment objective in the section "Sub-Fund Information".
Near cash	A security that can be readily converted into cash, such as a treasury bill or other short-term government bond, a bank certificate of deposit or a money market instrument or fund.
Collateral	Assets provided by a borrower as security to the lender in case the borrower fails to meet its obligations.
Contingent convertible debt security	Contingent convertible debt security A type of security that typically functions as a bond so long as certain pre-determined conditions are not triggered. These triggers may include measures of the issuer's financial health remain above a certain level or the Unit price falling below a specified level.
Contracts for difference (CFD)	An arrangement made in a futures contract whereby differences in settlement are made through cash payments, rather than by the delivery of physical goods or securities. CFDs provide investors with the all the benefits and risks of owning a security without actually owning it.
Convertible security	Convertible security A type of security that generally has characteristics similar to both debt and equity securities. These securities can, or must be, exchanged for a set number of Units (usually of the issuing company) once a predetermined price or date is reached.
Counterparty	Any financial institution providing services or acting as a party to derivatives or other instruments or transactions.
Credit default swap (CDS)	A derivative that functions like default insurance, in that it transfers the default risk of a bond to a third party, in exchange for premium payments. If the bond does not default, the seller of the CDS profits from the premiums. If the bond defaults, the seller of the CDS is obliged to pay the buyer some or all of the defaulted amount, which would likely be more than the value of the premiums received.
Currency derivative	A derivative whose reference asset is a currency value or exchange rate.
Derivative	An instrument or private contract whose value is based on the value and characteristics of one or more reference assets, such as a security, an index or an interest rate. A small movement in the value of the reference asset can cause a large movement in the value of the derivatives.
Diversified	In connection with a Sub-Fund, investing in a wide variety of companies or securities.
Duration	A measure of the sensitivity of a debt security or a portfolio to changes in interest rates. An investment with a duration of 1 year can be expected to decline 1% in value with every 1% rise in interest rates.
Emerging markets	Countries with less established financial markets and investor protections. Examples include most countries in Asia, Latin America, Eastern Europe, the Middle East and Africa.

The list of emerging and less developed markets is subject to continuous change. Broadly, they include any country or region other than the United States of America, Canada, Japan, Australia, New Zealand and Western Europe. Specifically, emerging and developing countries are those that have an emerging stock market in a developing economy as defined by the International Finance Corporation, have low or middle income economies according to the World Bank, or are listed in World Bank publications as developing.

Exchange traded fund (ETF)	An investment that represents a pool of securities — typically one that tracks the performance of an index — and which is traded on a stock exchange.
Government bond	Bonds issued or guaranteed by governments or their agencies, quasi-government entities and state sponsored enterprises. This would include any bank, financial institution or corporate entity whose capital is guaranteed to maturity by a government, its agencies or government-sponsored enterprises.
Investment grade	Bonds that are considered by a credit rating agency as appearing generally capable of meeting their payment obligations. Bonds rated BBB-/Baa3 or higher using the highest rating available from one of the independent ratings agencies e.g. Standard & Poor's, Moody's or Fitch are considered investment grade.
Liquidity	The extent to which an asset can be bought or sold in the market without significantly affecting the asset's price or the time required to find a buyer or a seller.
Maturity	The amount of time remaining before a bond is due to be repaid.
Money market instrument	A financial instrument that is liquid and has a value that can be accurately determined at any time, and that meets certain credit quality and maturity requirements.
OTC derivative	Over-the-counter derivative which is a derivative instrument entered into with an approved counterparty outside of an exchange.
Rating agency	An independent organisation that rates the creditworthiness of debt security issuers. Examples are Standard & Poor's, Moody's and Fitch.
Repurchase transaction	A transaction governed by an agreement by which a counterparty sells securities to a Sub-Fund, and simultaneously agrees to repurchase them or substituted securities of the same description, at a specified price on a future date specified by the counterparty.
Reverse repurchase transaction	<p>A transaction governed by an agreement by which a Sub-Fund sells securities to a counterparty, and simultaneously agrees to repurchase them or substituted securities of the same description, at a specified price on a future date specified by the Sub-Fund.</p> <p>The purchase of securities and the simultaneous commitment to sell the securities back at an agreed price on an agreed date.</p>
Securities lending	A transaction by which a Sub-Fund transfers securities subject to a commitment that a borrower will return equivalent securities on a future date or when requested to do so by the Sub-Fund.
Security	A negotiable instrument representing financial value. The category includes equities, bonds and money market instruments, as well as futures, options, warrants and other negotiable securities which carry the right to acquire other transferable securities by subscription or exchange.
Total return swap	A derivative in which one counterparty transfers the total economic performance (including income from interest and fees, gains and losses from price movements, and credit losses) of a reference obligation to another counterparty. See derivative.
Transferable securities	<p>Shall mean:</p> <ul style="list-style-type: none"> • Units and other securities equivalent to units, • bonds and other debt instruments,

- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and money market instruments

Volatility

Statistical measure of the variation of price for a given security or Sub-Fund. Commonly, the higher the volatility, the riskier the security or Sub-Fund.

Warrant

An investment that gives the owner the right, but not the obligation, to buy securities such as Units at an agreed price by a future date.

ESG and responsible investment terms

The following terms reflect the meanings intended in this Prospectus. These definitions are primarily informational (as opposed to legal) and are intended to provide investors with helpful general descriptions of some ESG and responsible investment terms used in this Prospectus.

Environmental, Social and Governance (ESG)	Environmental, social and corporate governance criteria, which refers to the three key factors when measuring the sustainability and ethical impact of an investment in a company.
ESG Factors	<p>Means non-financial considerations that may impact the risk, volatility and long-term return of securities, as well as markets. Investments can have both a positive and negative impact on society and the environment.</p> <ul style="list-style-type: none"> • Environmental covers themes such as climate risks, natural resources scarcity, pollution, waste and environmental opportunities; • Social covers themes such as data security, health and safety, working conditions; • Governance covers themes such as diversity amongst directors and workforce, business ethics, accounting practices, board independence. <p>In certain contexts ESG factors may be referred to as sustainability factors.</p>
ESG Integration	<p>The Investment Manager has endorsed the definition of the United Nations-supported Principles for Responsible Investment (UNPRI), which defines ESG integration as the systematic inclusion of ESG factors in investment analysis and investment decisions. Put another way, ESG integration is the analysis of all financially material ESG factors in investment analysis and investment decisions.</p> <p>ESG integration for a Sub-Fund requires that:</p> <ul style="list-style-type: none"> • ESG and climate change-related considerations are systematically integrated into the research and investment process; • Sustainability risks are identified and evaluated, with material ESG risk factors incorporated into the investment thesis; and • Evidence is captured of ESG research and ESG integration. <p>ESG integration does not mean:</p> <ul style="list-style-type: none"> • certain sectors, countries and companies are prohibited from investment; • every ESG consideration for every company or issuer must be assessed and valued; • every investment decision is affected by ESG considerations; • major changes to the investment process are necessary; or • portfolio returns are sacrificed to perform ESG integration techniques.
ESG Integrated	Means the Sub-Funds that apply ESG integration as referred to for each Sub-Fund in the Responsible Investment Approach section in “Sub-Fund Information”.